DOCUMENT RESUME

ED 130 001 CE 008 068

TITLE Recent Initiatives in Labor-Management Cooperation.
INSTITUTION National Center for Productivity and Quality of Working Life, Washington, D.C.
REPORT NO VT-103-145
PUB DATE Feb 76
NOTE 92p.

EDRS PRICE MF-$0.83 HC-$4.67 Plus Postage.
DESCRIPTORS Administrative Personnel; Community Cooperation; Conferences; *Cooperative Programs; Employees; *Employer Employee Relationship; *Guidelines; *Industrial Relations; Program Descriptions

ABSTRACT

This report draws on a series of conferences held to develop guides for labor-management cooperation at the plant level. These included six recent initiatives conferences held in cooperation with State University Institutes of Industrial Relations and the Federal Mediation and Conciliation Service (FMCS) and a seventh sponsored by the Commission and FMCS. Brief descriptions are presented of the circumstances under which the committees were established and the manner in which they are organized, along with discussions and dialogue from various conferences. The report is designed to provide guidelines and background for solving problems. Included are reports of (1) Labor-management committees in the steel industry, (2) a total community effort in Jameston, New York, (3) FMCS assisted programs in three companies, (4) labor-management cooperation in the Tennessee Valley Authority, (5) a quality of work demonstration project at Eaton Corporation Plant, (6) operation of Scanlon plans, and (7) an experiment with miners regulating their own work activities at the Rushton Coal Mine in Pennsylvania. A final chapter discusses lessons learned from cooperators. Appended are responses from conference attendees, principals of the conferences, and a list of selected publications. (WL)

****
* Documents acquired by ERIC include many informal unpublished *
* materials not available from other sources. ERIC makes every effort *
* to obtain the best copy available. Nevertheless, items of marginal *
* reproducibility are often encountered and this affects the quality *
* of the microfiche and hardcopy reproductions ERIC makes available *
* via the ERIC Document Reproduction Service (EDRS). EDRS is not *
* responsible for the quality of the original document. Reproductions *
* supplied by EDRS are the best that can be made from the original. *
****

ED130001

Recent Initiatives
in
Labor-Management Cooperation

National Center for Productivity
and
Quality of Working Life

February 1976

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

CE 008068

CP76003

CONTENTS

Preface....................v

Introduction....................1

Today's Challenges....................5

Steel Industry Forms Joint Labor-Management Committees to Increase Productivity....................9

Jamestown -- A Total Community Effort to Revive Industrial Activity Through Labor-Management Cooperation....................17

The FMCS Fosters Cooperation at Three Companies....................23

TVA -- Where Labor-Management Cooperation Functioned From Its Inception....................31

Quality of Work Demonstration Project at Eaton Corporation Plant....................37

Scanlon Plans in Operation....................43

Rushton -- An Experiment with Miners Regulating Their Own Work Activities....................51

Some Lessons from Cooperators....................59

Appendixes

- A. Responses of Attendees
- B. Principals, Conferences on Recent Initiatives in Labor-Management Cooperation
- C. Selected Publications

CE 004 028

PREFACE

In his Economic Message to the joint session of Congress on October 8, 1974, President Ford instructed the National Commission on Productivity and Work Quality (now the National Center for Productivity and Quality of Working Life) to develop meaningful blueprints for labor-management cooperation at the plant level. In a direct response to this charge, six Recent Initiatives Conferences were held with the cooperation of State University Institutes of Industrial Relations and the Federal Mediation and Conciliation Service; a seventh was sponsored by the Commission in cooperation with the Federal Mediation and Conciliation Service. The purpose of the conferences was to explore and discuss examples of functioning labor-management committees.

This report draws on these conferences to present the circumstances under which the committees were established, and briefly describes how they were organized. It includes discussions and dialogue from the various conferences.

The report is designed to provide suggestions for similar labor-management committee efforts, with the clear reservation that experience in a labor-management committee structure is not directly transferable, but does provide guides and background for problem solving.

The Commission is deeply grateful to all of the people who participated as panelists and moderators, to the university staff members who organized the conferences; and to all of the attendees who enriched the discussions with their questions and observations. A listing of all who took part can be found in the Appendix.

Editorial preparation of the report was by A.N. Wecksler, a consultant. Edgar Weinberg, Assistant to the Executive Director, National Commission on Productivity and Work Quality, was in charge of the series of conferences and the preparation of this report. Leon Skan, the Commission's Regional Director, helped to organize the conferences in the midwest. William L. Batt, Jr., was consultant to the Commission on the project.

INTRODUCTION

In the long history of industrial development in the United States, management and labor have traditionally been adversaries. Only in times of great emergency, when they have shared common cause and danger, have they worked cooperatively with each other.

One such area of cooperation -- the joint labor-management committee -- has sparked some interest during the past 50 years, but with relatively few exceptions, it has not been tried in peacetime.

World War II saw the flowering of the concept of the joint labor-management committee. In that period, when some 5,000 committees in plants employing more than 7 million workers registered with the War Production Board, labor and management finally acquired experience working together on a large scale.

The emphasis then was on improving production and morale, and on mobilizing both management and labor in a joint effort to increase output for the common good. Though only a few hundred dealt with productivity problems, labor-management committees were, in many plants, the shared forum for both management and labor to confront common problems. The committees were credited with improving the climate of industrial relations, thereby contributing to increased morale and productivity. At war-end, the urgency drained off, and most committees were abandoned.

While current problems in American industry so far have not engendered the sense of great urgency that permeated society during the war, there is a widespread realization that the economy is undergoing major changes which in aggregate could alter the structure of our society. More and more our economy is affected by developments occurring in world markets. From a surplus of energy at bargain prices, the outlook is for dearth and high costs. Where raw materials were deemed in abundance, the outlook now is for relative scarcity and higher costs. At the level of plant and office, there is a growing belief that as people become better educated, they can expect more personal satisfaction and challenge from their working life than their fathers had.

Today's crisis raises questions about whether there are more effective ways than those we are now using to sustain a high level of productivity growth and improve the quality of working life. A few selected industries and some communities have come to realize that labor and management cannot remain locked in an adversary relationship and must find ways of cooperating on matters of mutual interest. Labor needs the job security and good wages that efficient companies can provide; management needs the creative ideas about improvement that the man on the job can provide.

For different purposes, some individual companies, some companies on an industrywide basis, and some communities have found labor-management cooperation a useful and constructive approach for dealing with common problems.

The National Commission on Productivity and Work Quality encourages such cooperation, recognizing that significant productivity gains and improvements in working conditions can be made when labor and management work together. Secretary of Labor John T. Dunlop, member of the Commission and its Chairman until early in 1975, pointed out that:

"In many situations, joint labor-management committees, such as those undertaken in the steel industry, offer a nonadversary problem-solving approach to improving productivity and the quality of the work environment."

Commission Activities

The Commission's activities to support labor-management committees stem from the requirement (under P.L. 93-311 which established the Commission) that the Commission "encourage and assist in the organization and work of labor-management committees," with a view to improvement of productivity and the quality of the work environment.

To encourage discussion of these ideas, the National Commission on Productivity and Work Quality sponsored a series of Recent Initiatives Conferences for business and labor leaders in different localities around the country.

Six such conferences took place between January and June 1975: in Decatur and Danville, Illinois, in cooperation with the University of Illinois Institute of Labor and Industrial Relations; in Madison and Green Bay, Wisconsin, in cooperation with the University of Wisconsin Institute of Industrial Relations Research; in Buffalo, New York, in cooperation with the New York School of Industrial and Labor Relations at Cornell University; and in Amherst, Massachusetts, in cooperation with the University of Massachusetts. In addition, the Commission, in cooperation with the Federal Mediation and Conciliation Service, held a conference for officials of government, business, and labor organizations in Washington, D.C.

During each of these conferences, individuals who are directly involved in labor-management committee activities gave an account of their experiences. In each case the management and the labor points of view were clearly expressed. Organized into workshops, the participants had an opportunity to explore the benefits and problems of different approaches.

A broad mix of management representatives, including presidents of companies, plant managers, industrial engineers, and personnel assistants attended the conferences. Representing labor, attendees ranged from international representatives of major unions, to presidents of local unions, to business agents for union locals and shop stewards.

Balancing the labor and management representation, the conferences were also attended by deans of schools of business, university professors specializing in labor and industrial relations, city officials, and members of the National Commission on Productivity and Work.Quality.

Scope of Report

This report encompasses all of the conferences, selectively highlighting those presentations that best illustrate the purposes, benefits, and problems of labor-management cooperation through joint committees. The objective is to present an account of the actual operation of these committees to the extent possible in the words of the active participants and to report on-the-spot answers to probing questions from labor and management representatives in audience attendance.

Examples of Labor-Management Cooperation

Significantly, the reasons for establishing labor-management committees differ, and the form and scope of such committees vary considerably. These points were brought out in discussion by conference participants:

In the case of the steel industry, there was a general acceptance of the fact that the industry as a whole was faced with intense competition from foreign steelmakers, and that for the United States to compete would require an industrywide effort to increase productivity.

In Jamestown, New York, high unemployment and a steady decline in the number of manufacturing jobs over an 18-year period were blamed on a "bad labor climate." A labor-management committee has made remarkable progress in improving the situation.

In the Eaton Corporation, a new approach to joint labor-management relationships was tried out to overcome mistrust and work problems that hampered plant operations.

The Tennessee Valley Authority, a federally owned corporation started during the Great Depression years, began its operation with cooperative committees on the trade and labor side.

Companies using the Scanlon Plan have production committees made up of employee and management representatives providing the machinery for wide worker and supervisor participation in improving operations and establishing formulas for distribution of earned productivity bonuses.

A demonstration project organized by the National Quality of Work Center involves cooperation between the United Mineworkers local and the Rushton Mining Company in Pennsylvania to reorganize the company's method of production and supervision, using autonomous work groups.

Labor-management committees are often established after a strike, and the Federal Mediation and Conciliation Service helped in the formation of several of the committees which took part in the conferences. However, once in existence, these committees serve to facilitate better communication between the parties and to provide the basis for more lasting industrial peace.

Clearly, each initiative grew out of specific needs. The hallmark of each of the innovative efforts is closer cooperation between labor and management; productivity improvements under these circumstances are more readily achieved.

TODAY'S CHALLENGES

The essence of the challenge facing our working society, and therefore the whole Nation, is change -- change that requires a new look at world trade, at our standard of living, at our productivity performance at the quality of working life and at our labor-management practices.

Leading representatives of industry, labor, and the universities voiced this theme over and over at all the Recent Initiatives Conferences they attended. Their prescription invariably is a greater degree of cooperation between labor and management.

President Ford, in a message to the conferences, keynoted the discussions with a description of today's challenges:

"Our Nation today faces problems that are unprecedented in this generation. We are being whipsawed by both inflation and recession and pressured by powerful foreign economic forces. In these troubled times, it is imperative that labor, management, and Government find ways of working together to bolster the strength of the American economy."

Donald C. Burnham, Vice Chairman of the National Commission on Productivity and Work Quality and a director-officer of the Westinghouse Electric Corporation, reinforced this theme, pointing out that "one of the keys to our past growth has been the persistent advance of productivity."

Productivity Improvement Means More Jobs

"Gains in productivity are basic to the long-term future progress of our level of living," Burnham emphasized, in addressing the Washington Conference. Productivity improvement is "vital for meeting some of our most urgent short-term problems of providing more and better jobs and a less inflationary economy," he stated.

Mr. Burnham also reported that the Soviet Union is giving a high priority to productivity improvement. "They are moving away from the long-held concept that industrial expansion is the best way to improve productivity, and their 5-year plan leans toward greater efficiency."

Former Secretary of Commerce Frederick B. Dent, now the President's Special Representative for Trade Negotiations, in addressing the Decatur Conference, noted some "unprecedented economic challenges." The single most pervasive problem facing our economy today, Dent maintained, is the quadrupling of energy costs and the prospect for further increases.

As modernization of transportation has made the world smaller, national economies have become more interdependent. Since World War II, the industrial capacities of many nations have been fully rebuilt, and now are more modern and more efficient than ever before. Each of these nations, Dent noted, is determined to meet its own needs and aspirations through economic competition for world markets.

A further challenge as seen by Dent stems from the changing nature of work in our society. As greater mechanization is attained, as organizations grow larger, as computers become more and more pervasive in our everyday work lives, there has been a tendency, he said, to forget that the resourcefulness, skills, and spirit of people are still the keys to the success of any organization.

Bruce Thrasher, International Representative and Assistant to the President, United Steelworkers of America, expressed concern with lagging productivity in this country.

"I am sure you are aware that productivity in the country has not fared well in recent years. Output per man-hour experienced an unusually sharp drop beginning in 1973. And the rate of our productivity growth during the post-World War II period as a whole has been showing signs of retardation."

Thrasher sees uncertainties ahead, particularly in view of the energy problems and the environmental considerations that impact on production. Slight retardation of productivity improvement can be serious in the long run, he said, as the effect accumulates from year to year, lowering the potential for improvement in the Nation's living standards.

Emphasizing that there is real urgency in the need for productivity improvement, Professor Martin Wagner of the Illinois Institute of Labor and Industrial Relations stated at the Danville Conference that while increase in productivity constitutes a worthwhile end in itself, the concern over quality of working life provides an opportunity for the men and women in the workplace to realize the potential of their education, of their interest, and of their enthusiasm "to make the workplace something other than simply a place to earn a living."

Professor Wagner added the plea: "If we are serious -- and we really have no choice to be other than serious... we have some problems to attack, some issues to examine, and we need to experiment with them."

The challenge of achieving more labor-management cooperation in coping with mutual problems was stressed by I. W. Abel, Vice Chairman of the National Commission on Productivity and Work Quality and President of the United Steelworkers of America.

In addressing the Washington Conference, Abel pointed up the vast changes that have taken place in the relationship between labor and management in the last four decades. In the great depression, when the President of the United States sought to bring steel management and labor together to agree on codes under the National Recovery Act, the steel management spokesman refused to sit in the same room with labor spokesmen, Abel recounted. He said:

"While the industry leaders believed then that they had all the answers and disregarded the workers other than to do manual labor, the leadership of the steel industry recognizes today that there is a contribution for labor to make. They understand that all the brains are not in the so-called white-collar areas: that the fellows on the floor can teach them a thing or two about operating the mills efficiently, increasing productivity, and increasing the profitability of the industry."

Mutual Respect in the Steel Industry

Abel sees an open acceptance and a close working relationship by both management and labor as the significant key to labor-management relationships in the steel industry.

"We in the steel industry have come to know each other from across the table," Abel asserted. He pointed out that there is a recognition of the contribution of every labor-management committee in the industry, along with the development of a mutual respect for each other's integrity and interest "in this great endeavor."

Bruce Thrasher emphasized that such committees are not a substitute for nor an alternative to free collective bargaining. Successful committees, he pointed out, appear to require a mutuality of interest between labor and management and "serve to complement the collective bargaining process."

Thrasher described as appropriate for consideration by labor-management committees such areas as business conditions facing a firm, absenteeism, worker morale, safety and health, quality of work, equipment maintenance and downtime, saving of material and energy, reduction of rejects, waste, and scrap -- "all of those things that go into making a contribution to the improvement of productivity." Thrasher said:

"...We believe that where a mutual trust has developed committees can go a long way toward solving such problems that face both parties in our country today.... We believe that joint committees on productivity can be a forum for improving productivity and the quality of work environment."

W. J. Usery, Jr., Special Assistant to the President and Director of the Federal Mediation and Conciliation Service, reinforced this theme by saying:

"Only the people at the plant level can instill the spirit of improvement. Only the people at the plant level can develop the formula for improvement -- and only the people at the plant level can make the changes necessary to create a more productive, a more rewarding workplace.

"All productivity plans, to succeed, must ride the same escalator -- and that escalator must move from the floor up, as well as from the top down."

Former Secretary of Commerce Dent speculated that perhaps the best way to improve the quality of working life is to provide an effective and continuing means by which worker and management representatives can communicate their views in a nonadversary atmosphere. He suggested that joint labor-management committees provide the format for such a dialogue.

Formation of labor-management committees, he warned, should not be and cannot be mandated from Washington, but must involve "people who know and understand the real-world facts of life that exist in any particular company or organization."

Opportunities for Progress Exist

Secretary of Labor John T. Dunlop emphasized at the Washington Conference that while labor-management committees are not new, there is room for more national initiatives in encouraging their function.

Such initiatives, he suggested, could be taken at the firm or plant level, on an industry basis, on a collective bargaining basis.

"These initiatives, it is important to know, may be taken at any number of these levels," Dr. Dunlop stressed, indicating that some issues in labor-management relations lend themselves to solution at a plant or departmental level, while others can only be handled on a sector basis.

Dr. Dunlop feels labor-management relations and collective bargaining today are more mature than in earlier periods, but views current problems as more severe due to the high levels of unemployment and the intensity of international competition.

Methods that have proved useful in "pilot" arrangements established through joint labor-management committees should be extended to many more labor-management relationships, the Labor Secretary said.

"What is it about the leadership?" Dr. Dunlop asked. "What is it about the severity of the problem? What is there about the knowledge of technique? What is there about the relationship of the parties that their degree of maturity permits these kinds of relationships? I think times are so desperate that we ought to try to do the best job we can; better than we have ever done in the past to spread what we know to increasing numbers of relationships. And that, I think, is our real challenge today."

STEEL INDUSTRY FORMS JOINT LABOR-MANAGEMENT COMMITTEES TO INCREASE PRODUCTIVITY

Because of the devastation throughout the world after World War II, the American steel industry was in a unique position. Able to sell all the steel it produced, it dominated the American market and, to a considerable degree, the world market.

Shortly after the onset of the 1960s, the situation changed. World steel capacity was rebuilt, expanded, modernized, and with foreign steel competitors able to replace American steel in foreign markets, our unique position in the world market was drastically reversed.

As the decade of the 1960s continued, the foreign steel producers were able to invade the American market and were able to out-compete American producers in many product lines.

George Sirolli, International Representative, United Steelworkers of America, cited his own experience in the 1960s when he was representative of the Steelworkers for the Kaiser Steel Corporation and the surrounding plants on the West Coast:

"There is an iron ore mine in the California desert called Eagle Mountain Mine. Japan was buying millions of tons of iron ore, 150 miles out in the desert, shipping it to Los Angeles by train, putting it on ships and taking it to Japan, buying fuel also, and producing a finished product and delivering it to the United States cheaper than Kaiser Steel could produce that product. As an example, Japan was exporting three-quarter inch galvanized pipe and selling it from warehouses at 12 cents a foot. We had, at Kaiser Steel, a pipe mill. Kaiser Steel's product was selling at the warehouse for 15 cents a foot, and the quality was the same."

1971 Contract

As a result of the troubles in the steel industry -- for both management and labor -- the basic steel corporations approached the United Steelworkers of America during the contract negotiations in 1971 with the problem of productivity.

Together they agreed that the poor competitive position of American steel within the steel industries of the world would have to be reversed, and that productivity in American steel would have to be greatly improved.

It was determined that productivity committees would be established throughout the 10 basic steel companies. These committees would address themselves to the general problems of productivity, encouragement of greater use of domestic steel, and other issues within the framework of the basic labor agreement. A clear understanding existed that the committees would not discuss issues which were in conflict with the collective bargaining agreement.

On the union side, the committees included the local union president, the chairman of the grievance committee, the secretary of the grievance committee, and the grievance committeeman who was most concerned with the particular problems to be taken up.

The company side included the plant manager, the superintendent of industrial relations, the plant industrial engineer, and the area superintendent.

Committees were designed to include those who understood the problems and had knowledge of the grievances and of the terms of the collective bargaining contract. In addition, the staff representative of the union was to be available for advice and consultation, and if his presence were needed at a particular meeting, he could attend by invitation.

The meetings were to be held at a time and place mutually agreeable to labor and management. Parties had to submit to one another items for the agenda sufficiently in advance so that all could study them. Either party could submit agenda items

If either party or an individual member of the committee felt that the committee was exceeding its responsibilities and possibly abrogating the rights of the other party, a written complaint could be made to the national committee in Pittsburgh, where the issue would be reviewed and decided.

Objectives of the committee effort were to develop a more efficient use of time and facilities, reduce breakdowns and delays, improve quality of steel, eliminate waste of materials, supplies, and equipment, reduce excessive overtime, and improve safety.

Some 250 plant committees were established throughout the United States. Some of the committees have established subcommittees in the departments to take up specific problems right on the production floor.

Steelworker spokesmen believe that the closer the committees and discussions can be brought to the work force on the job, the more successful the cooperative effort will be.

However, workers continue to be suspicious that the productivity effort is aimed at speedups and at indiscriminately taking people off the job.

While assessment of the operation of the committees so far ranges from very good in some areas to very bad in others, the long-range problem of labor-management relationships is seen as a slow educational process, of developing motivation, of building worker morale.

Sirolli described how workers are being motivated through involvement in areas where labor-management committees are functioning effectively. He cited a case involving a customer who received a delivery of poor quality steel and who complained that the steel could not be used for fabrication. In the traditional course of action, someone from management would inspect the steel. With the cooperative effort in operation, management now invites a representative of the workers to inspect the steel, too.

Citing the value of such inspections, Sirolli explained:

"When that employee comes back and discusses the problem with the people he works with in the department, there is a greater possibility of acceptance than there is if someone in supervision would say to the employees, 'Well, we just had a complaint and we had to scrap X tons of steel and take it back and we lost a customer,' because the suspicion exists that maybe it did occur, and maybe it was production problems that the employees could not control and maybe it was not. Therefore the involvement of the worker in this situation has been very profitable in the area of educating the worker's attitude toward problems."

To reinforce such educational efforts, these seminars and conferences are used to convey the overriding message that in a competitive market, low productivity leads to fewer jobs.

Productivity and Job Security

For this reason, the labor-management committees in steel have been named Employment Security and Productivity Committees to emphasize the message that increasing productivity does not mean increased profit with nothing in return for the workers.

A major factor in employee attitude, Sirolli pointed out, is job security. He expanded on this theme:

"Now, I can't emphasize too strongly that one of the goals is to establish secure employment, a greater opportunity for advancement for the employees within the industry. In addition, we all have a responsibility to create new jobs and more jobs for future workers who are constantly coming into the work force. And that is a very important point, because it is in the minds of many workers: 'Just what is there in it for me if I cooperate?'

"I explained to them that if we had a closed market and we had only one steel industry -- the American steel industry -- selling its product in that closed market with no competition, then I suppose the worker would have nothing at stake because whatever the needs were, that one employer -- his employer -- would sell the product. But since we have an open competitive market, if we cannot compete, that worker is laid off. That is what has occurred time and time again in the American steel industry and other industries.

"So we have a different situation from what we had immediately after World War II. It was really a closed market to a great extent and whatever capacity we had, we produced, we sold. But when you have an open market, a competitive market, a market where you are being undersold, you are faced with the possibility of layoff.

"You are on an escalator. The less competitive you are, the less jobs you have for the worker. And the less jobs you have, the more work is produced and the larger facilities are developed among our foreign competitors. This further increases their ability to undersell the American steel industry, and you continue down the escalator of lower employment in the American steel industry.

"So the philosophy we have today is that job security and productivity should be interrelated and should be expressed in the same breath when we are discussing it with our people, because you can't have one without the other."

Management Rights

During the Recent Initiatives Conference in Buffalo, a questioner from the floor asked how management's voice was exercised in committee function.

Sirolli replied that the final decision, the decision on whether to implement or not to implement, is management's.

"In other words," Sirolli said, "we will discuss a particular area, and if after the discussion management does not believe a change is feasible, they don't have to put it into effect. But, there is a control on that. Management, all management, is interested in having an efficient operation -- and I'm talking about the plant superintendent and the plant manager himself. So whenever an idea comes up that the manager and the industrial engineer evaluate as a good idea, the manager is not only motivated because it will contribute to the functioning of the committee, but he is motivated because he has a vested interest in a more efficient operation. So it works.

"But if they believe that it cannot be done, they will discuss with the committee the reasons why. I am a firm believer that participating in the committees on both sides are intelligent individuals. They can understand a reasonable explanation of why something can't be done, providing the reasons are legitimate.

The committees have helped to revise the traditional steel industry practice of stockpiling steel in anticipation of a work stoppage before the negotiations for a new contract.

Before, steel consumers would start stockpiling over a period of many months prior to negotiations, creating on artificial demand. Steelworkers would go on overtime to meet this demand. Buyers would buy up foreign steel to hedge against a stoppage in their normal supply. Foreign producers would force buyers to execute long-term delivery contracts in order to obtain deliveries. As a result, the aftermath, strike or no, was large-scale unemployment and permanent loss of jobs.

To overcome this problem Steelworker International President I. W. Abel, in conjunction with his executive board, gained the approval in 1973 of all the presidents of the local unions for an experimental negotiating agreement, which was first used in the 1974 negotiations. This agreement simply states that should any issue remain outstanding and unresolved, it would go to voluntary arbitration for resolution instead of to a strike. The result is there was no stockpiling of steel -- and no layoff in the steel industry.

It is generally agreed that such a procedure would not have been possible in the earlier years immediately after the war -- before the industry became aware of the threat of foreign competition; before there was an educational campaign; and before establishment of the labor-management committees to provide communications channels and a forum for agreement.

Committee Accomplishments

As to what labor-management committees in the steel industry have accomplished to improve productivity, Sirolli cited reports on day-to-day operations in the plants, showing: avoidance of quality defects, improved identification of warehoused steel, more efficient handling of scrap, energy conservation, more efficient phasing out of old equipment, and better care for new equipment.

In an assessment of the effectiveness of the Employment Security and Plant Productivity Committee operation in the steel industry, United Steelworkers President I. W. Abel credits the committees with establishing a foundation that enabled management and labor to enter into the historical Experimental Negotiating Agreement in 1973 which brought a stable peace to the steel industry.

In his evaluation, Abel pointed out:

"With 15 years of uninterrupted industrial peace in the steel industry, and with the work of the Employment Security and Plant Productivity Committees, the parties have gradually established the maturity and respect for each other that justified this sort of advanced step in our collective bargaining relationship. I assure you that both parties are determined to make this a successful endeavor so that the people we represent can continue to enjoy substantial economic progress and the Nation can be assured of continued stability in this most essential industry."

A Company's Story

Reporting on one steel company's experience with labor-management committee operation from a management perspective, spokesman for the Alan Wood Steel Company, Conshohoeken, Pennsylvania, described some problems at the Washington Conference.

John J. Hannigan, Vice President for Operations, Alan Wood Steel Company, explained that his company was faced with the problem of improving productivity to offset an expected expenditure of from $13 to $15 million for pollution control equipment.

"It became obvious," Hannigan said, "that the survival of the company depended on improving productivity."

A Productivity Committee was formed in the Spring of 1972 after several meetings had been held between Hannigan and the local union president. During these meetings, according to Hannigan, it became obvious that the use of the word "productivity" in the committee's name was unacceptable to the union.

Hannigan explained:

"We found that one thing that seemed to be holding up the program was the workers' hostility to the word 'productivity.' To them it meant more work and less jobs. In other words, our major job was communications. We changed the committee name to 'Job Protection and Alan Wood Growth,' and gave some special training to supervisory union and company people."

Steering Committee Formed

With this initial stumbling block out of the way, Hannigan described the ensuing developments:

"A meeting was held between the local union and the company to form both a Steering Committee and a Working Committee. The Steering Committee was comprised of three management men and four union men, with the local union president and the Vice President of Operations as cochairmen. A Working Committee was formed with seven individuals, four from the union and three from management, with a member of management and a member of the union serving as cochairmen.

"The Steering Committee was to meet at least every six weeks with the Working Committee and review their progress and problem areas, and give them direction on how to proceed. The problem areas were developed through a communication means we call Direct Line, in which hourly personnel, either signed or unsigned, presented what they thought were problem areas as far as efficient operation and general good workmanship were concerned. These areas were inspected by the Working Committee and a decision rendered as to what should be done.

"In order to bring members of both union and management together to set forth what the plan for this committee was, classroom attendance was required by first, the executive committee of the local union, and second, management personnel at the general manager level. It was pointed out what the principles of this committee were to be. It went a step lower by bringing foremen and shop stewards into separate classes for the same reason. After this indoctrination, local stewards and the superintendents attended classroom sessions together.

"From the classroom sessions it became evident that people wanted to participate with management in correcting problems they thought existed. This resulted in the development of what we call circle team efforts, made up of both supervisors and hourly personnel in specific areas. Teams attempted to work out bottlenecks they thought existed within a department. Some were very successful; others were not."

Indoctrination Period Seen Needed

Hannigan pointed out that management never thought that the committee "would get off the ground with a resounding success," and that several years of indoctrination would be needed before the real purpose of the committee would be understood.

"We found the union made major attempts to use this committee to air grievances which they were having difficulty processing through the normal grievance procedures," Hannigan said. "It was made known from the very beginning that no grievances would be processed by the committee. However, attempts continued to be made."

Not all was negative, and some forward motion was reported. As an example, Hannigan cited a purchasing innovation:

"Formerly, each foreman had purchased his own separate lubricating oil. A suggestion led to centralized purchasing of oil for the whole firm, and is saving an estimated $100,000 a year."

Hannigan felt that company supervisors lacked training and communications skills at the start, and noted the development of better methods of selecting supervisors as one of the side benefits of the committee effort.

Donald Roop, Steelworkers local president, reporting on the company committee program, said that he appoints 'natural leaders' from each shift, through whom union members submit their suggestions on how to implement the company's "work smarter, not harder" program. These workers are not the shop stewards, and are totally independent of the regular grievance procedure routine.

"We're starting to see some attitude changes," says Roop. "Once the membership realizes that productivity is job supporting, not job eliminating, they begin to respond."

JAMESTOWN -- A TOTAL COMMUNITY EFFORT TO REVIVE INDUSTRIAL ACTIVITY THROUGH LABOR-MANAGEMENT COOPERATION

Jamestown, New York, is an impressive example of how an industrial community reversed a trend toward industrial decadence and restored business and employment by establishing a greatly improved climate of labor-management relations.

As 1971 drew to a close, Jamestown's industrial economy was in deep trouble. The absolute number of manufacturing jobs had steadily declined over an 18-year period; one of the largest manufacturers had recently closed due to insolvency, and its new million-square-foot manufacturing facility lay vacant; and efforts to attract new business were unsuccessful.

In the recent past there had been some long and sometimes bitter strikes, and the wood furniture industry, which had once been the bulwark of the manufacturing economy in Jamestown, was slowly moving to the South. The problem of company insolvency was spreading, and outside ownership of Jamestown industries led to decisions which had an adverse impact on the local economy.

The story of Jamestown's conversion from an industrially eroded area to a healthy, revived city was told by Mayor Stanley Lundine, the City's Ombudsman, Sam Nalbone, and union and employer representatives.

A Strike-Happy Town

Nalbone described the genesis in 1971 of the citywide plan: "We were considered a strike-happy town -- a bad labor town. So the Mayor met with a labor leader and a representative of the manufacturers' association, and they decided to try to establish a labor-management committee by contacting top labor leaders and top manufacturers."

The Mayor met individually with representatives of organized labor -- including the IBEW, Machinists, Steelworkers, Auto Workers, Ceramic Workers, Furniture Workers -- and asked them if they would be willing to participate in a labor-management committee. He did the same in a separate meeting with the top executives of the manufacturing plants of the community. It was agreed that they would sit down together and listen to a presentation from a spokesman for the Federal Mediation and Conciliation Service.

The first joint meeting of the Labor-Management Committee of Jamestown --

15 union officials and 15 company executives -- was held in February 1972. In the beginning, sessions were marked with controversy and a degree of hostility. It was decided that an intensive effort would be made to determine the mutual interest of labor and management in order to unify the purpose of the two groups.

Four principal goals were established. The committee was to: (1) improve labor relations, (2) develop manpower, (3) assist industrial development programs, and (4) achieve productivity gains in existing industries.

Productivity Most Important

Productivity was singled out as the most important objective. The committee explained its viewpoint as follows:

"It was clearly stated that the productivity goal must be broadly defined and that there should be no job loss in any plant as a result of achieving productivity gains.

"The breadth of the definition was the only factor which allowed labor leaders to accept this primary objective. For example, reduction in absenteeism or the elimination of waste of materials during the manufacturing of products were primary productivity objectives. Unions had come to regard the word productivity as equated with 'speed-up' time-and-motion approaches which were so distasteful to their members.

"Upon analysis, the labor leaders came to a difficult conclusion that in the long-term, productivity must be a primary goal. The only way to improve the business conditions existing for companies was to make them more competitive. Continual complaints from manufacturers about high New York State taxes and other costs of doing business in this area had to be offset by higher levels of productivity. Furthermore, the best way to attract new industry and to deal with the new thrust of increasing foreign competition was to prove that Jamestown was a productive place in which to do business because of a good labor relations atmosphere."

Over the three-year period of the committee's life, the Jamestown Area Labor-Management Committee has at all times had a membership of about 36, representing all of the major companies in the area except the one large plant which has not been organized by any union. The balance between labor and management has been maintained, even though the membership on the committee has changed.

Companies represented on the committee range from large manufacturers, which are a part of international conglomerates, and large locally based companies, to very small but important local companies. They are largely engaged in four different types of manufacture -- fabricated metal, engineering products, glass and ceramics, and wood furniture.

The actual business of the Jamestown Area Labor-Management Committee is conducted by a 10-member executive board, made up of four manufacturing executives, four labor leaders, the executive vice president of the Manufacturers' Association of the Jamestown area, and a representative of the AFL-CIO Central Labor Council. A labor representative and a business executive serve as cochairmen of the Board.

From time to time, a task force drawn from the membership of the committee has undertaken specific studies and action projects. The committee receives advice and guidance from the New York State School of Industrial and Labor Relations, the Labor Relations School at Cornell University, and the State University of New York at Buffalo.

Definite Progress Reported

At the end of the first year, the Jamestown Area Labor-Management Committee reported definite progress. There had not been a single strike in the manufacturing community, and one company had negotiated a new labor contract with wages tied directly to productivity increases.

In 1973 the effort gained considerable momentum. The Economic Development Administration allotted $22,500 to the committee program, which was matched by $7,500 in local funds for a demonstration labor-management committee project. The National Commission on Productivity and Work Quality agreed to fund this demonstration program. Labor-management committees were organized in individual plants.

Under a program sponsored by the National Commission on Productivity and Work Quality, Dr. Eric L. Trist of the Management and Behavioral Science Center of the Wharton School, University of Pennsylvania, was brought in to give the Jamestown program a broader operational concept. Dr. James McDonnell of Buffalo State University was recruited full time to implement the policies and programs of the labor-management committee.

During 1974, the committee increased its effort. For the first half of the year, Dr. McDonnell was its coordinator until July 1, when he returned to Buffalo State University; James Schmatz, a labor relations consultant from Buffalo, then became full-time coordinator.

"I operate as an ad hoc convener and resource person," Schmatz explained. "I get the in-plant committees started and I restart them when necessary. My 'quasi-mediation' role takes me to most of the in-plant committee meetings, where I help out in any way I can. When a plant group decides that training is necessary in a certain area, I locate someone to provide the training. Usually, they come from Cornell, although faculty from Jamestown Community College have been very helpful, too."

Partly through committee effort, and certainly as a reflection of the new labor-management climate in the community, several manufacturing plants were saved from intended liquidation; for the first time in 50 years, Jamestown attracted a major new company; and two companies announced major expansion programs. The 20-year slide in the number of jobs in industry had finally been reversed: the number of persons employed in manufacturing increased absolutely and the unemployment rate dropped dramatically.

The active labor-management committee program was one of the key elements in the selection of Jamestown as an All-America City in 1974.

Quality of Work

Some of Jamestown's new initiatives include an experiment in improving quality of work. This effort is designed to raise levels of productivity and at the same time increase the satisfaction of workers in their jobs, by redesigning the plant system as well as improving the communitywide regard for the quality of work.

Another area of effort is in developing skills necessary to the continuing well-being of the area's manufacturers. The skill development program involves in-plant labor-management committees, which identify present or future skill need and then design a training program to assist persons who might fulfill such requirements.

"An in-plant committee that works effectively to build a training program has a good chance of working to solve a contract issue," Schmatz said. "An in-plant committee with a record of success at both those levels can then address the whole issue of productivity and benefits which may accrue to the workers from increased productivity."

Labor's reaction to the training efforts was expressed by Jospeh Wells, the area's business agent for the United Furniture Workers. Wells said, "A few years ago we were going to management and saying, 'You have to have a training program setup.' They were talking about taking it out of the negotiated wage increase, but now, through the Labor-Management Committee, the company was listening, and between our coordinator and the executives, we've done something about it, and believe me, I am very proud of it."

Supplementing the skill development effort, a formal leadership training program provides management courses for first-line supervision, communication courses for union stewards, and joint labor and management training in contract administration and grievance processing.

The Jamestown program also sponsors continuing series of dinner meetings attended by labor and management. The unions pay for their representatives to attend the dinners, with the locals deciding whom they want to attend. The unions name their people, and management names theirs. Speakers address the group on such subjects as safety and new developments in labor relations.

Operation of In-Plant Committees

In response to questions about the in-plant committees, Schmatz, Jamestown Labor-Management Committee full-time coordinator, replied:

"The in-plant committees -- the plant-level committees -- I see as the nuts and bolts of our activities. An in-plant committee may go along and have a meeting every two or three weeks for a while, dealing with an issue or a problem. Then something may occur to get in the way of that in-plant committee. It may move in the background, or the priorities may change -- negotiations, grievances, big layoffs, whatever. So things happen.

"I think of an active in-plant committee as meeting a minimum of once a month. I would consider anything less than that inactive. We probably have some 20 to 25 companies involved in active participation at any one time and probably have no more than 10 active in-plant committees going at any one time. I think that it is my responsibility to keep things going. Finding out what the problems are.

"As to how the committee members are appointed. The unions name whomever they want. Each union operates differently. In some of the unions the president and two or three members of the bargaining committee will come to the meeting. Sometimes they will bring in two or three shop stewards.

"On the management side of the committee, the same thing prevails. One of the top management people along with his industrial relations man, the personnel manager, or some of the shop foremen will attend meetings."

Describing how labor worked through the committee structure to solve problems, Wells (of the Furniture Workers) explained the complaint and problem-solving process. Wells said, "When we first started our in-plant committees, the biggest complaint from the workers was that the company did not have any back-up men on high-skilled woodworking machinery. Jim McDonnell (of Buffalo State University), who used to sit in on the in-plant committees when we first started, and I brought this complaint back to the manufacturers' association through our meetings. The association admitted that when things are going good, they don't bother training anybody for certain jobs. But then they got into a pinch. So we started a training program after working hours through our labor-management committee and the Government. The company would pay the trainee to learn the skilled jobs, and the Government would pay for the instruction."

In response to a question on "failures" in the program, the Jamestown team responded that none of the labor-management committees has collapsed, but there have been some setbacks. Several times, the break-up or elimination of a particular committee has been threatened by failure to communicate the real objective and the impact of the labor-management committee. The understanding of the rank and file as to the need for collaboration is the heart of the process. To the extent that any labor leader who is involved in such a committee has difficulty with rank and file resistance, the entire program is jeopardized.

As to how the Jamestown effort can be measured, Schmatz concluded:

"It is not a panacea, it hasn't solved all the problems of the world, nor of Jamestown; however, it is making some inroads in that direction and we do have a great deal of enthusiasm for it."

THE FMCS FOSTERS COOPERATION AT THREE COMPANIES

While mediation to help improve long-term bargaining relationships is not new, the Federal Mediation and Conciliation Service (FMCS) has recently initiated a program to provide a structure whereby labor and management can root out conflicts and establish a procedure for encouraging industrial peace and cooperation for mutual interests.

FMCS Director W. J. Usery, Jr., also Special Assistant to the President on labor-management problems and a former union bargainer, is heavily committed to reducing the rhetoric and emotional content of disputes. He has said, "Good labor-management relations depend on high productivity. Productivity is enhanced through good relations." Under his direction, the Relations by Objectives (RBO) technique was devised to identify the root causes of labor-management differences and to develop solutions.

Essentially, RBO is a joint conflict resolution process for problem solving in a nonadversary setting. An experimental technique, RBO has been used in a number of companies where relations between management and labor reached a crisis. RBO employs many of the communication techniques inherent in solving major labor disputes. By providing for increased labor-management communications between the bargaining periods, it reduces grievances and helps to increase productivity by establishing mutual objectives.

How RBO Operates

In a series of meetings, which at first are held separately with labor and with management, FMCS staff members determine company and union viewpoints on what the "other party" should do to improve relations, and then on what each party should do itself. Following these sessions, meetings are held, attended by all management officials including top executives and line supervisors, and by all union officials, including shop stewards. Respective viewpoints are discussed, clarified, and incorporated into a mutually acceptable list of objectives for improvement of labor-management relations.

The list is then discussed by the two parties separately and jointly. The joint sessions develop an agreement on "action steps" for attaining each objective, assign responsibility for starting and completing steps, and implement a timetable for achievement of each objective.

John J. Popular, Associate Director, FMCS Office of Technical Services, who described the operation of RBO at the Washington Conference, said, "The RBO approach provides a handle to identify problems, clear the air, and target goals for improvement -- in effect, to really manage labor-management relations instead of responding to brush fires."

Formal Organization Important

George Vogl, FMCS Commissioner in Green Bay, Wisconsin, commented at the Madison Conference on the basis of his experience in the State. He said that organizing committees on a formal basis is extremely important to the success of the FMCS technique of labor-management conciliation.

In establishing committees, the date and time of meetings are important, Vogl said. "When you are setting up this committee, both parties generally will try to pick a time and date for meetings that will not interfere with any other activity of either the company or the union," he said. "Once this date and time have been set, it's important that the meeting not be canceled just as a matter of whim. History has shown us where these committees have been in existence that it is easy for one party or the other to cancel a meeting; in a short while the committee fades out of existence, and a valuable tool for both sides is lost."

Vogl pointed out that the length of meetings is important and that most of the committees are set up to meet for an hour and a half.

The reason for holding the meetings to a specific time period is to keep them from becoming gripe sessions, Vogl explained. "If you hold the discussion to the time allotted, generally you are discussing the issues and trying to search for a solution instead of allowing material that is not relevant to creep into the discussion."

As general guides to committee meetings, Vogl suggested:

1. It is important for both sides to recognize that recommendations growing out of the meetings are advisory.
2. No bargaining shall take place.
3. Individual gripes and complaints are not subjects for discussion.
4. Topics may be discussed which if not resolved could result in a grievance.
5. Discussion should be constructive and sincere in trying to arrive at a mutually satisfactory solution.
6. Each topic should be discussed fully and action taken before proceeding to another. If a mutually satisfactory solution is not agreed upon, the issue should revert to another labor-management

mechanism, such as grievance procedure or negotiations.

Case study discussions of the FMCS techniques included the experience of the Rodman Industries, Marinette, Wisconsin, presented at the conferences at Madison and at Green Bay; the Tempo Stores (Gamble-Skogmo, Inc.) of Stevens Point, Wisconsin, discussed at the Conference in Green Bay; and the Georgia-Pacific Corporation's Pulp and Paper Mill at Woodland, Maine, discussed in Washington, D.C.

Committees at a Paperboard Plant

Rodman Industries, a maker of particle board, has experienced a major shift in its labor relations over a two-year period. This change was accomplished through the successful implementation of a Labor-Management Committee.

Contract negotiations between the company and its Teamsters union local were prolonged and difficult prior to the establishment of the Labor-Management Committee. While a contract had been finally hammered out, it was rejected by a majority of the local. However, it went into effect because of a Constitution requirement for at least two-thirds of the vote for a contract rejection.

Nevertheless, the fact that only a minority favored the contract caused disharmony and unrest between the company and the union. The Federal Mediation and Conciliation Service suggested that a Labor-Management Committee be established to serve both parties in solving mutual problems. Commissioner Vogl described the formation of the Committee and its progress at the Madison Conference.

Vogl called an initial meeting to form such a committee. Present were three management and three union local representatives. It was agreed that the Committee would formally adopt the FMCS model.

The meetings were scheduled for one hour on the second Tuesday of each month starting at 2:30 p.m., to be held at the plant office in Marinette.

Organization of the meetings calls for management and labor each to prepare an agenda of three items for review by all parties no later than the Friday preceding the meeting day. Minutes are taken and posted on the plant bulletin board no later than the Monday following the meeting day.

Chairmanship rotates between a labor and management member on a month-to-month basis. When the company representative serves as chairman, the union's number 1 item is discussed first and resolved; then the company's number 1 item; after which the union's number 2 item, and so on. When the union representative serves as chairman, the sequence is reversed.

The FMCS assisted in establishing the rules for the committee. A mediator attended two meetings and made suggestions on the operation of the sessions. The FMCS continues to receive copies of the agenda of both sides, and has conferred by phone when problems of committee procedure have arisen.

Discussing the Problems

Committee discussions have included such problems as absenteeism, employees leaving work stations early, quality control, requests for smoking privileges in specified areas, scheduling of shift work, safety, and scheduling of days off during deer hunting season.

The tendency during the initial meetings was to take up problems for which there were no easy solutions, such as absenteeism. This led to a sense of frustration, and both sides became apprehensive that the format would not work.

FMCS suggested that at the outset discussions center on minor problems so that the committee could become familiar with problem-solving techniques before tackling major disputes.

This approach proved successful, and two years after the formation of the committee, FMCS presented the Certificate of Recognition for successful implementation.

As Donald Earls, Rodman Plant Manager, told the Madison Conference:

"This committee has enabled both parties to seek solutions to problems affecting their mutual interests. Productivity has increased since the inception of this committee, and the communication link between our employees and the company has been kept open. It has not been easy to make this concept work, but whatever went into making this format successful has been worth many times the effort put forth."

In evaluating the Rodman labor-management effort, Earls said:

"We started this committee with mixed emotions. We had to settle department gripes. After our contract negotiations, we saw some obvious problems. We were all pretty new at negotiations. I had been through two of them, but our work force was young. Our supervisory personnel were young. We had some distinct problems when the first suggestion of a labor-management committee came up. We really didn't know whether it would work or not, but we decided to give it a try.

"After four-plus years, we decided that what it really does is provide a platform. It provides a platform for problem solving, whether a problem concerns a group of people, or a department, or a shift, or a policy which is causing a problem in the plant. It provides an opportunity to come in and sit down and discuss and try to resolve it. Some things can be resolved. Others can't."

Paid Off in Productivity

In his opinion, Earls said, the committee "has really paid off in terms of productivity," and cited statistics to show an increase in quantity of product produced, and a substantial reduction in the production of lower-grade products. Because some new equipment has been installed and other production changes instituted which contribute to productivity improvement, Earls said it is difficult to pinpoint how much of the improvement is traceable to the labor-management committee.

Don Knutson, Chief Union Steward, speaking at the conference on reasons for the effectiveness of the committee operation, said:

"We have striven to handle problems before they have become formal grievances. Thus, the number of grievances that reach final arbitration is very minimal. The employees feel this procedure has been a very effective vehicle for solving problems which affect our membership."

In addition, the committee procedure has significantly changed the attitudes of labor and management in the negotiation of contracts, Knutson said. "We got to the issues faster and got faster resolutions through the give-and-take procedures. So all the way around, we are pleased with the operation of the joint labor-management committee."

During the entire history of the committee, only one monthly meeting had to be canceled, and this was due to illness.

Only once did the committee appear to be on the brink of failure, and both labor and management representatives contacted Commissioner Vogl for suggestions. The problem was that the parties were running out of what they considered to be "serious" problems for discussion at the meetings.

Commissioner Vogl pointed out that insignificant issues can become major problems if they are not solved, and that perhaps both parties were overlooking minor irritations. Both sides agreed to Vogl's assessment, and meetings have continued on a regular basis.

* * * * *

Cooperation in Retailing

Experience of Gamble-Skogmo, Inc. (doing business as Tempo Stores) with a number of chain retail department stores in Wisconsin was cited at the Green Bay Conference as an example of how the FMCS technique can be applied to a service operation.

Commissioner Vogl explained the circumstances under which the FMCS Green Bay office offered its conciliation service to the chain's Stevens Point, Wisconsin, unit. During the course of contract negotiations with the Retail Clerks International Association, it became apparent that the store had developed a "huge grievance pile-up" -- Vogl recalled an accumulation of 125 grievances among only 25 employees in 1968.

"It became quite obvious that we were going to have to do something with these grievances," Vogl said. "When we reviewed certain grievances, it became evident that many of them fell into the category of gripes rather than contract violations. I suggested that in my estimation a labor-management committee would work out well, and outlined how such a committee would be formed, and how it should work."

The company and the union were in the midst of contract negotiations at the time. However, within a couple of months after contract ratification, management and the president of the Retail Clerks agreed to establish the committee.

The mediator involved in the formation of a labor-management committee meets with the parties three times. According to Vogl, "The first meeting is held to develop the kind of a framework, the kind of a guide, the kind of a structure the committee is going to use; the day of the week that is most convenient for meetings. At the second meeting, one side serves as chairman and the mediator observes each side in operation. At the third meeting, the other party serves as chairman, with the mediator observing the meeting in action."

"We are quite critical, although we make it known that our attitude is not anything personal," Vogl explained. "We are critical so that we can point things out which might make the committee function more smoothly."

The guidance of his office, Vogl said, is aimed at keeping the meetings factual and asking questions that will bring out all the facts needed for decisionmaking.

After the three initial meetings, the FMCS monitors several subsequent sessions to see that everything goes well; then "the case is closed."

Committee Plan Expanded

The labor-management committee approach has been so successful, according to Vogl, that it has been extended to a number of additional Tempo Stores, all following the pattern established at the Stevens Point outlet.

David Tesch, business agent for the Retail Clerks International, described the purpose of the labor-management committee as follows:

"The purpose of the committee is to improve communication between the union and management. To create cooperative attitudes. To increase the understanding of the functions of management and employees. To discuss and seek to correct problems."

Tesch expressed the opinion that to obtain the maximum benefit from the committee operation, each member of the work force should advise committee members, preferably in writing, of any suggestions or problems they feel should be discussed at committee meetings.

The union spokesman pointed out that employees who might have been reluctant to bring their problems to either a union representative or to management had little resistance to forwarding their views through a member of the committee.

Tesch said that he could not measure productivity improvement from the union's experience with the labor-management committee, but that "as far as the employer is concerned, the happier the members of the work force, the more effective the employee will be in the management's interest. I assume that they would have better productivity from a satisfied work force than if its members were unhappy and grumbling."

Roger Siskoff, manager of the Stevens Point store, reported at the conference that when he took over the store about two years ago, there was a bill from a local attorney for $1,500 for handling labor-management problems. With this in mind, he "got the labor-management meetings going like mad again."

"Since then," Siskoff stated, "we have had no grievances filed, and I haven't paid a penny to a lawyer to settle anything. It's been a great help. It's got the petty things -- or maybe what one side or the other considered petty, but something that may have gotten to be a big problem -- taken care of and out of the way."

Siskoff explained that the union representative did not attend many of the committee meetings. "It was between myself, my two assistant managers, and the three members of the labor force. A lot of the things that were formerly a big problem could be solved just among ourselves."

Meetings, said Siskoff, are not scheduled on a regular basis. They are held when something comes up. Either management or labor can call the meetings, and the problems are usually worked out, Siskoff said.

* * * * * *

RBO at Georgia Pacific

RBO as applied at the Georgia-Pacific Corporation's Pulp and Paper Mill at Woodland, Maine, was presented at the Washington Conference. W. L. Sawyer, Director of Industrial Relations at the Mill, presented the management view, and V. J. Dinardo, International Representative of the United Paperworkers International Union, gave the union reaction. The government's role was presented by John J. Popular, Associate Director, Office of Technical Services, FMCS.

The effort at labor-management cooperation followed a three-week strike in the spring of 1974. It was generally recognized that Mill management and the five unions were not communicating effectively. Management and labor agreed to FMCS technical assistance, and a team of mediators headed by Popular worked out the procedure following the RBO formula. Representatives of the five unions -- Paperworkers, Machinists, Carpenters, Firemen and Oilers, and the International Brotherhood of Electrical Workers -- first met with the mediators in January 1975.

Meetings were held with the union and with management to explore problem areas requiring consideration. The groups were given a presentation explaining the mechanics of the RBO approach. The meetings went on for three days, with intensive sessions lasting between 15 and 18 hours each day. Improvement goals were set: improved communications, more trust and respect in labor-management relations, and better future relationships; and responsibilities were assigned in an effort to meet the goals.

Popular reported a qualitative improvement in the labor relations atmosphere, and additionally pointed to the following achievements:

- A 70 to 80 percent reduction in grievances, with those that were filed having greater merit.
- Virtual halt to all "harassment" type grievances.
- A FMCS training program involving 120 supervisors and stewards on effective problem solving.
- A "wage adjustment" program, which had defied solution during the 1974 strike, was resolved in one day only a month after the RBO program was initiated.

FMCS makes no claim that RBO is a panacea for all labor problems, but believes the concept is applicable to a wide variety of industrial relations problems.

TVA -- WHERE LABOR-MANAGEMENT COOPERATION FUNCTIONED FROM ITS INCEPTION

From its earliest beginnings the Tennessee Valley Authority was highly supportive of the labor-management cooperative committee concept. A team representing TVA management and several unions in the TVA took part in several Conferences, and detailed TVA's labor-management cooperation. Organized labor's approval of TVA was crucial for the original Congressional action to establish the vast area development project. There was also a conviction among TVA's planners that organized labor would be a key element in converting the area from a rural hinterland to an industrial and power-generating complex. Mutual interest between management and labor was established at the outset.

William Black, Jr., Administrator of Union-Management Relations of TVA, explained the unique organization of the TVA:

"There is a three-man board. Each board member is named by the President of the United States and confirmed by the Senate. They serve nine-year terms. The terms are staggered. There are 26 operating TVA divisions, structured like a corporation. The division managements report to a general manager who is appointed by the Board and is the chief administrative officer for TVA. The management people go down to the levels where there is a conflict of interest in bargaining representation. Our first-line foremen, for instance, are the bargaining units. We have section supervisors, section heads, who are members of a union. Managers are subject to performance standards and the day they can't meet them means termination."

Early Management/Labor Cooperation

TVA and the unions were cooperating even before the unions had enough members to claim exclusive bargaining rights. Black recalled that the Board of Directors of TVA in August 1935 published its Employee Relationship Policy, which contained a paragraph that has set the standard for TVA labor-management relations since. The statement reads:

"The Authority will support as favorable labor standards and employment conditions as are consistent with the national welfare, having regard for the fact that the work of the Authority is financed initially by the people of the United States."

In the same document the Board established its position on "systematic employee-management cooperation." This statement reads:

"As a further development of this policy the Board of Directors looks forward to the establishment of joint conferences between the duly authorized representatives of the supervised employees and the supervisory and management staff for the purpose of systematic employee-management cooperation. The Board recognizes that responsible organizations and associations of employees are helpful to such cooperation.

"It is suggested that such joint conferences might well devote themselves to furthering the objectives for which the Tennessee Valley Authority was created. In so doing these conferences might consider such matters as the elimination of waste in construction and production; the conservation of materials, supplies, and energy; the improvement in quality of workmanship and services; the promotion of education and training; the correction of conditions making for grievances and misunderstandings; the encouragement of courtesy in the relations of employees with the public; the safeguarding of health; the prevention of hazards to life and property; the betterment of employment conditions; and the strengthening of the morale of the service.

"In the achievement of these objectives, it will not be desirable for these cooperative conferences to attempt to adjust individual disputes either among employees or between employees and their supervisors, it being the intent of this policy to adjust these matters promptly as elsewhere provided."

Late in 1941, the first of these cooperative conferences was formed, and in the following year TVA and the Tennessee Valley Trades and Labor Council, representing the majority of craft employees, set up an experimental joint committee at a construction project.

The joint committee functioned well, and a number of others followed. TVA now has employee-management cooperative committees on construction projects, in steam plants, in chemical plants, in engineering offices, and in various other facilities.

How Committees Operate

Each committee is made up of representatives of employees and management involved in a particular facility. There are cooperative committees and cooperative conferences. Cooperative committees are represented by the Tennessee Valley Trades and Labor Council, made up of 16 building trades and labor unions. Cooperative conferences represent white collar workers -- engineers, scientists, and clerical and custodial workers.

Most committees and conferences meet once a month.' Each has two cochairmen representing management and labor, a secretary, and a number of union and management representatives.

The committees and conferences make a special effort to elicit suggestions from both management and the work force for improving performance and operations. No cash awards are paid for suggestions. As Black explained, "We think our suggestions come as group suggestions in many cases and should not have a monetary value placed on them. In 1973, we had 48 suggestions per 100 employees."

In addition to appraising suggestions for improving efficiency on the job or involvement in occupational health and safety, the committees and conferences serve as two-way communication channels for developments affecting management and labor interests.

"Once you begin to question why you are doing things," Black said, "it becomes difficult for those of us who are a part of the establishment to defend why we are doing some things. But I think this is what we are basically talking about. It's management's willingness to discuss with the employees the logic or the why or whatever of what they are doing."

"Once employees are given such participation," said Black, "you can count on their being more excited about their work, much more involved in it, and much more productive."

White-Collar Participation

Joe Greene, Executive Director of TVA Engineers Association, described how white-collar workers operate within the structure of union-management relations at TVA. In speaking about how the technical and professional staff was organized for bargaining with the management echelon, Greene said:

"I am with the TVA Engineers Association, an independent local union representing about 4,000 of the scientific and technical employees in the TVA. We have a rather diverse bargaining unit -- we cover everything from airplane pilots to nurses, and the bulk of the people we represent are professional engineers: civil, electrical, nuclear, and so forth. They are a part of the salary policy employee panel, of which I am the secretary, which does a coalition-type bargaining with the TVA about twice a year."

In answer to questions as to which problems should be handled in cooperative conferences and which should be left to contract negotiations, Black replied that issues have gone "all the way from nonnegotiable to negotiable, and then back to the cooperative conference, and then back to negotiable."

As a result of this process, Greene said, "There is not a hard and fast rule here that just because it might be negotiable, you can't talk about it. I think we have a fairly free dialogue within the cooperative program and TVA."

Speaking of which conclusions reached in committees might then go into the contract with management, Greene said, "We experiment with different ways of doing things which we may later decide we may want to include in the contract. Then if we try it and decide we don't like it, we don't put it into the contract."

Clyde R. Caldwell, Special Representative of the International Brotherhood of Boilermakers, replied to another question concerning decisions made by one cooperative committee with its union and its application to another TVA area of operation. He said, "The decisions that one committee makes applies only to its own situation, and the decisions of other groups apply to theirs. I cannot think of a situation where other people whose interests would be affected were not involved before a decision was made."

TVA Agreement Outlined

Caldwell pointed out that benefits provided in the TVA agreement in regard to wages, fringes, grievance procedure, and other areas are "as good or better" than in the union's contracts outside of the TVA complex. He said:

"Really, there isn't any difference between TVA and private employers because we negotiate the prevailing wage. We have the same fringe benefits and pension, health, and welfare with TVA that we have with the private contracts. TVA makes the same contribution on each employee as the private contractor, and this goes to our international headquarters in Kansas City, Kansas. It is administered by a joint trust committee. Most of our people, if they have a preference, would sooner work for TVA than a private contractor.

"We have an open end contract. TVA Act Section III spells out that we'll pay no less than the wage rate in the vicinity, with due regard given to those rates secured through collective bargaining. The contract has no expiration date. It has provisions for reopening, and if it has been in effect for one year, it can be reopened by either party with a 30-day notice no more than once a year for wage negotiations. We sit down formally to make changes about twice a year -- once on economic issues, and next on contract rights. This is when the changes are published."

Quality of Work Committee Setup

The cooperative program, which is now over 30 years old, has been criticized on the grounds that the committees have not been dealing with matters that are important to employees. To meet this criticism, a "quite exciting and quite different" new facet of TVA labor-management committee cooperation was developed in the form of an experimental Quality of Work Committee, which was set up in the Transmission Planning and Engineering Division of the complex.

Under an agreement with the TVA Engineers and the Office and Professional Employees International, a pilot program was developed for the division's 400 employees. If successful the understanding is that it will be extended to the entire complex.

Seven management members and seven employees make up the committee. Although initially not all of the management slots were filled, general harmony prevailed in the committee sessions, with both management and labor interests satisfied with the meetings.

Describing the new initiative, Black said:

"They are talking about changes in the reward system, more recognition, more pay, the science and nature of productivity. They're talking about the need for reorganization, the need for changing benefit styles, and just the whole gamut of the sort of things that are traditionally restricted to management discussion."

Greene pointed out that many difficulties lie in these areas of discussion. He said:

"I guess there are a lot of headaches because it's a difficult style for management and for union operation. The basis of the cooperative program is getting people psyched up and challenged into asking why or questioning just about everything that is known."

Caldwell contributed to the dialogue by raising several crucial questions regarding labor-management cooperation.

"Let me ask you people a question," he began. "From management's standpoint, are you willing to go back to your respective places, open up a door in a conference room, go in that conference room with labor representatives, leave your authoritative hat at the door, and talk eyeball to eyeball and gut to gut across that table and hear what those people really feel? Let them lay it out to you without feeling hostile, without having elements of reprisal?"

"On the union side, are you willing to go in there and make suggestions to improve the quality of work and reduce the inefficiency of that plant that you and your people walking around in that plant see every day? You may take the attitude: I would sure suggest that but that's management's responsibility. If they are so damn dumb that they cannot see this machine should be moved or something should be done to increase the efficiency of this plant, it just won't get done. Are you willing to take the initiative in this crisis situation that this American economy finds itself in?"

QUALITY OF WORK DEMONSTRATION PROJECT
AT EATON CORPORATION PLANT

The Ohio Quality of Work Project is a State-level group, working throughout the State of Ohio to initiate joint labor-management committees to develop quality of work programs. John Brandt, Assistant Director of the project, participated in the Decatur Conference along with labor and management representatives from the Eaton Corporation. Brandt described the origin and functions of the Ohio program.

The effort came about through the Governor's Business and Employment Council, a citizen task force to advise on business development, the economic and competitive position of the State of Ohio, and factors which affect such competitiveness.

One of the ideas generated at a meeting in 1972 was a Quality of Work program. Initially contacts were made with labor and management to discuss the need for such an effort throughout the State. Based on these exploratory discussions, the decision was made to initiate and work with a number of labor-management committees in the State. A tentative target figure of approximately 13 projects was agreed upon, covering the manufacturing sector, service industries, and the public sector. The Eaton Corporation Industrial Drives Plant in Cleveland was one of the two projects selected to start the program.

The objective of the State involvement in the demonstration projects is to deal with the problems of unemployment and underemployment on a statewide basis. By demonstrating how improvements in the quality of work can result in improvements in human and economic performance, the project leaders hope to make Ohio a more attractive place to businessmen and investors, thereby creating more jobs.

Start of Eaton Project

The Cleveland plant of the Eaton Corporation, a large multiproduct, multiplant corporation, was the site of the first project launched under the program begun in March 1974. Exploratory discussions were held separately with Eaton Corporation management representatives and with officials of the United Auto Workers. These led to joint meetings, and agreement was reached on two demonstration projects.

The plant project is seen as developing over a three-and-a-half-year period. The concern in the initial phase was to identify the specific problems that would be tackled under the large heading of quality of work.

The project began with the formation of a Quality of Work Committee, involving top members of both management and labor. Representing management on the Eaton committee are the plant manager, the plant manufacturing manager, the personnel manager, and the corporate manager of industrial relations. On the union side, committee membership includes the union president, several representatives from the union membership, and a representative of the United Auto Workers staff.

The Ohio Quality of Work Project acted as a source of information and education to the plant-level committee.

The mission of the Quality of Work Project is to identify problems, with implementation of solutions coming from the people most concerned, at the plant level or, more immediately, at the shop level.

Quality of work was described as having four dimensions by Brandt, speaking for the Ohio Quality of Work Project at a Recent Initiatives Conference:

"*Security*, *equity*, *individuation*, *participation*. Just briefly, *security* -- there we attempt to measure such things as job security, security from fiscal harm, and so forth. In *equity*, we attempt to measure the worker's perception of equity in pay, in promotion, in terms of discrimination, and so forth. Under *individuation*, we're attempting to measure the employee's perceptions of his ability to grow and learn, to expand, to develop his horizons in terms of his work situation. Under *participation*, we attempt to measure the employee's ability to have some kind of impact on decisions that affect his environment. We further hypothesize that the extension of those four diminesions results in the economic and human outcomes toward which we work."

Donald Scobel, manager of the Corporation's industrial relations, said that Eaton Corporation's interest in quality of work began in the late 1960s, when the manager of one plant reported that the work had outgrown his plant capacity and he was considering opening another facility.

In effect, the manager posed the question to the corporation's central employment relations staff of how he could avoid in the new plant the onset of all the counter-productivity circumstances that existed in the older plant.

The question set off a dialogue within the company, which resulted in an examination of the corporation's employee relations and a critical review of the relationships in all the company plants, whether they were organized or not.

New Approach to Employee Relationships

The decision was made to adopt a new approach to employee relationships in the new plant. This would involve eliminating the elements of distrust and regimentation which might have existed in other plants, with the objective of creating a more participative and more productive workplace environment -- to "create a team as opposed to creating a series of alienations that prevented the attainment of the full productivity potential of the plant."

Such an innovative concept entailed radical changes for Eaton, a $2 billion company with about 70 manufacturing locations in the U.S. and Canada, and employees numbering 29,000 in North America and 60,000 worldwide.

The plan has been in operation for seven years, and as a result of the plant effort absenteeism and turnover have been lowered and the work force has increased practicipation in the productive process. The 15 new plants which have been built since the plan's inception are taking a new look at employee relationships.

These changes made the company very receptive to the concept of improving the quality of work, Scobel said, pointing out that the management welcomed the approach made by the Ohio Quality of Work Project and the United Auto Workers.

The company management met with the Ohio Quality of Work Project people, and discussed the formation of a Joint Labor-Management Committee at the plant. It was agreed that four members would represent management interests and four would represent the union. Eaton also agreed to a survey of employee attitudes, and agreed that the company would make a very moderate financial contribution to launch the project. The UAW did the same.

In the early weeks of the committee's operation, the members agreed that anything the committee did would be by unanimous action -- that the effort had to be based on consensus, and any single member had a veto right.

It was also decided initially that no precedent would be set by anything that the committee did -- that his committee would neither accept precedents nor create them, but would continue to operate on an ad hoc basis.

The committee also agreed not to tackle matters which came under the purview of the grievance procedure -- that contract interpretation, application, or implementation were not functions of the committee.

At the outset, it also changed its name to the Quality of Work Life Committee. After a year of operation, it was noted that nonsupervisory office personnel and late shift factory workers had no representation. To round out representation, the Committee was enlarged to 10.

Employee Opinion Survey

The employee attitude survey was designed to determine a real cross-section of attitudes and opinions.

The principal thrust of the survey was that employees did not see themselves as really represented in the decisionmaking process. Their worklife was shaped by other people's decisions, without much input from them. The survey did not reveal as much concern with job design and jobs as it did with the environment and the decisionmaking process, rules and regimentation, interrelationships with supervisors, and the seemingly capricious attitudes of management.

Office workers responded in much the same way as plant workers, showing equal concern with their lack of input into the decisionmaking process. They were less concerned with the regimentation of the workplace. Low-level office people were a little more interested in the opportunities to influence the scope of their jobs than were the factory workers.

The initial response of the committee was to carefully study the survey results over a span of several meetings. There has been no further reference to that initial study, but it is generally agreed that the survey was a part of the commitment-building process.

Identifying Problems

Following the survey, a series of problems was brought up -- with the first a product quality problem in the cylindrical grinding department. A special committee, made up of several grinders, a couple of inspectors, the grinding supervisor, and the inspection supervisor, was appointed to look into the matter and found that part of the problem lay in the quality of work which came to that department. A similar committee was then formed to handle the deficiency of the incoming work. The two committees joined together and formulated action plans to resolve their common problems.

Another area of concern emerged at an early meeting, when an employee relations representative criticized plant orientation of new employees as sadly deficient: "We spend about 20 minutes with them, and then shove them out on the factory floor, put them out on a job, and hope they get along," he charged.

A committee made up of Quality of Work Life members and employees from the plant was formed to study ways of initiating new employees in a more effective manner. After several weeks of study, the committee came up with a new suggested approach.

Another problem taken up by the committee concerned the inability of employees to reach work supervisors by telephone, which resulted in a worker phoning that he would not be able to come to work getting a guard or the employment office because he could not reach his foreman. A direct dialing system to facilitate communication was suggested.

It was also pointed out that if a worker in a shop wanted to reach his family in an emergency, he had to leave the shop and use the pay phone in the lounge. This led to the question of whether the company could provide more communication out of the plant. The possibility that some employees would abuse the privilege was discussed, but fears were allayed when it was found that the union was as concerned as management with the problem of phone abuse.

Reaction of Top Management

In answer to questions about Eaton Corporation top management reactions to the work quality program, Recent Initiatives Conference attendees were told that the plant managements did not seek top corporate approval for their effort. They simply informed the corporate level that the project was going on.

Scobel said, "In a large company, if you can get something going sincerely by people at the grass-roots level, it has as good a chance of growing up as it has of growing down.

"Now", said Scobel, "it's very much an objective of the company, and the President is very vitally interested in what is happening and very aware of what's going on."

Union Reactions

The union's biggest concern at first was that the contract would be circumvented, and that the project was just another trick of the "bad guys." The view of the work force and the UAW now is that the quality of work concept is not only applicable to their own union members, but to other unions as well.

Speaking for the union, Gary Brandt, representing Region 2, UAW, described some of the problems involved in launching a cooperative program, as in the Eaton plant:

"To begin with," he said, "I had to go to the local membership of the particular union, and believe me when I tell you, I don't think you can think of as many questions as these people could. Being relatively new to the program at that particular time, they really raked me over the coals for approximately an hour and a half, with questions I really didn't have the answers to. So I started formulating what I thought the program ought to do, what kind of program it ought to be, and I responded to those questions with answers about the way I thought the program should run. Basically, not because of my input so much, but because of the total combination of the Eaton

Corporation and the UAW and the employees of that company, I consider it to be a very successful program."

SCANLON PLANS IN OPERATION

Just as in all labor-management committee relationships, the Scanlon Plan calls for cooperation between labor and management in providing for a system of shop-level joint committees for reviewing suggestions aimed at increasing efficiency and reducing costs. It is unique in that it also provides an incentive for improvement by establishing a formula for measuring productivity change and for sharing of gains between labor and management.

Two companies with extensive experience in operating Scanlon Plans reported a large degree of success at the Washington and Madison Conferences. Both the Dana Corporation, a worldwide manufacturer of automotive parts, and the Parker Pen Company have used the Scanlon Plan to meet their specific needs. These companies and the local unions from the United Auto Workers and United Rubber Workers combined efforts in operating the plan. The benefits derived from increased labor-management cooperation and productivity have been beneficial to both the work force and the company.

The Plan

The three elements of the Scanlon Plan are: (1) teamwork, with a common objective of increasing output; (2) a suggestion system, which channels work-saving ideas from the work force through a committee structure which evaluates and activates accepted suggestions; and (3) a bonus system, based on a formula which measures productivity gains and establishes a procedure for sharing the gains among members of the work force.

There are variations of the plan as it operates in several plants. Some place a greater emphasis on the bonus elements, and others place greater stress on the value of suggestions as a means of (1) increasing output and (2) mobilizing the cooperative effort of the work force.

A formula which establishes the baseline of productivity is an essential ingredient of the plan. The baseline measure is necessary to establish the improvements which take place. Basic labor costs must also be determined so that a ratio of labor costs to product value can be established. As labor costs decrease, or product value increases, the improvements are shared in a bonus-sharing arrangement.

Scanlon at Dana Corporation

Lee Hess, plant manager, talking about putting the Scanlon Plan into the Dana Corporation's Power Equipment Division Plant at Chelsea, in May 1972, said:

"When I look back at it, an idea like the Scanlon Plan was a real shocker, even for me! Here I was a plant manager with a substantial background in time study programs and production procedures, and used to measuring productivity down to the hundredths of a minute and things like that...and now we were talking about a new idea based on everybody at Chelsea working together instead of competing against a stopwatch!"

Several problems led to consideration of an incentive bonus system. As Hess tells it, "Management credibility was practically nonexistent. It was so bad I had union committeemen tell me that everything management tried to do was detrimental to the employees. This was not true, but we had to do something to build up our credibility."

Coupled with the credibility gap was another serious company problem -- competition from the Japanese. Hess charges that a Japanese manufacturer had copied the power takeoff unit right down to the Dana emblem, and they were in the process of trying to market it in the U.S.

The Chelsea plant, according to Hess, was operating under a measured day work system that had deteriorated to a point where current standards were nonexistent. Management felt that an incentive bonus system had to be initiated.

The initial step was to set up monthly meetings with the entire work force to keep them informed about the problems, and to try to build up some credibility. Hess recalled that the first meetings came off "very slowly." The people "didn't understand what we were trying to do and didn't trust us," Hess explained. "After three or four of these meetings, we found that they understood what we were trying to say, and we backed it up with our actions. We were firm, but fair."

Hess and his Plant Controller tried to devise their own incentive system and came up with something similar to the Scanlon Plan. When told of the similarity between the two, they decided they would do far better to go with an established system. Fred Lesieur, Scanlon Plan authority, was brought in as a consultant.

Dana Corporation has long experience with bonus plans. One of its companies, Michigan Wheel Corporation, Grand Rapids, Michigan, has had a bonus plan since 1946; the Perfect Circle-Victor Plant in St. Thomas, Ontario, has had one since 1969; and the Chelsea Plant has had such a plan since May 1972. Dana Corporation now claims to be the first major U.S. company to embrace the Scanlon Plan at the corporate level for the consideration of its operating divisions and plants. The ultimate decision as to whether the plan should be adopted in any company unit rests with that unit.

While details of the Plan may vary from plant to plant, it is essentially the same in all the Dana facilities where it is in effect.

Installing the Plan

Shortly after the Scanlon Plan was approved by plant employees at Chelsea (over 90 percent voted for the plan), Hess was transferred to the company's Axle Division and charged with starting the Axle Plant at Edgerton, Wisconsin. The Scanlon Plan was installed during the plant startup.

This involved a special problem, because of the requirement of a ratio based on a favorable period of plant operating history. Using the total cost of labor compared with the total value of production, a base period ratio is established and then used in subsequent years to determine the plant's overall success in either generating greater production with the same amount of labor, generating the same amount of production with less labor, or a variation of both.

Because no operating history existed at startup, a system was devised whereby the labor base was established on three months of past experience and a forecast of three months ahead, and changed every three months.

This formula worked very well for the Edgerton Plant, and after a year and a half of trial operation permanent installation of the Plan was voted, with 97 percent of the workers opting for continuation.

The formula at Dana is standard to the Scanlon Plan. Once the ratio for a given plant is established, a bonus is payable to the plan's participants whenever there are cost-saving improvements from a lower labor content for each dollar's worth of product manufactured.

The bonus derives from any savings in labor costs, and is split up at the end of each month, with 25 percent set aside for a bonus pool to cover the possibility of poor performance months. Of the remaining amount, 75 percent is paid to participants in separate monthly bonus checks, and the remaining 25 percent is returned to the company.

At the end of the Scanlon year, the money accumulated in the bonus pool is again distributed on a 75-25 division, providing for a thirteenth bonus check in a 12-month year. There is no guarantee that a bonus will be available each month. The money set aside in the bonus pool is intended to protect the company should the actual labor cost for a given month exceed the allowable labor cost under the formula.

Of equal significance to the actual financial incentive has been a proposal system that collects and activates ideas for work improvements through a committee structure. Committees of elected workers and appointed management representatives are established for each department and each shift. They meet monthly to evaluate all the proposals for improving work methods. Those requiring expenditures of $200 or less can be approved and acted upon at that level. Those requiring greater expenditures are sent along to a plantwide steering committee, with both union and management represented, which decides on these ideas as well as considering current data supplied by the company on business conditions and company prospects for the months ahead. When workers' proposals are turned down, a committee member explains to the proposer the reasons for that action. In effect, these committees constitute a network which periodically review problems faced by the entire plant as well as the several departments that make up the whole. This provides a meaningful opportunity for workers to participate on a nonadv[illegible]ary basis with management not only in problem-solving for the part [illegible] operation they know best, but also for the plant as a whole. (Se[illegible]ibit showing committee structure.)

Reaction to the Plan

Union officials at the Edgerton Plant are enthusiastic in their support of the Scanlon Plan as it has been operating. Ronald W. Sanderson, President of Local 1838, UAW, has played an active role in labor-management negotiations and cooperation. A participant in the Washington Conference, he described worker reaction to the incentive plan:

"I like the Scanlon Plan because it gives a guy or a gal a chance to have a say about what goes on. If I have an idea about how to better my job, I have the opportunity to submit the suggestions which make my job (1) possibly easier, (2) sometimes safer, and (3) possibly allows more time for production.

"All our people benefit from suggestions of other people, and the guy on the line who submits them tends to feel a little more a part of the plant. Our people learn to be cost-conscious, aware of the fact that we have to produce quantity and quality to remain competitive in the actual market, thus providing us with job security."

A more restrained endorsement of the Scanlon Plan operation at Dana was offered by Donald Rand, Administrative Assistant to the Secretary-Treasurer, UAW, who said that UAW international headquarters saw "no possible way you could establish a Scanlon Plan in place of collective bargaining."

Rand said that in his view "it is important to recognize that first you must establish, among other things, a sound bargaining agreement with the proper wages and the so-called fringe benefits. Then on top of that, if at all possible, you establish a so-called participation program."

Scanlon at Parker Pen

The Parker Pen Company, Janesville, Wisconsin, has had a Scanlon Plan in its plants since 1954. George H. Schuster, manager of the company's labor relations, said at the Madison Conference that a necessary ingredient for successful operation is for labor and management to have "faith in each other and in each other's figures."

COMMITTEE STRUCTURE

MANAGEMENT MEMBERS

EMPLOYEE MEMBERS

SCREENING COMMITTEE

PRODUCTION COMMITTEE ZONES

#1
OFFICE & ADMIN.

- Plant Management
- Shipping-Receiving
- Facilities Engineer
- Personnel
- Accounting
- Mfg. Staff
- Quality Control
- Gear Manufacturing
- Gear Quality

#2
FIRST SHIFT

Assem. Line	28-5
Sub-Assembly & Rework	28-0

#3
FIRST SHIFT

Assem. Line	28-6
Assem. Line	28-7

#4
FIRST SHIFT

Tubes	24-5 & 24-6
Spindles	27-5
Steering Arms	22-5
Knuckles	21-0
Tool Room	Dept. 14
Tool Maint.	Dept. 18
Maintenance	Dept. 13
40° Yoke	Dept. 29

#5
FIRST SHIFT

Axle Line	26-5
Axle Line	26-6
Axle Line	26-7

#6
FIRST SHIFT

Carrier Lines	25-1, 25-2 & 25-3
Case Line	23-5 & 23-6
Shipping & Receiving	
Inspection	15
Pinion Blanking	31-0
Pinion Cutting	32-0
Heat Treat & Luberize	33-0
Pinion-Hd. Grind	34-0
Gear Finishing	35-0
Ring Gear Blanking	36-0
Ring Gear Cutting	37-0
Differential Gear Blk. & Cut.	38-0
Ring Gear & Hard Grind	39-0

#7
SECOND SHIFT

Assem. Line	28-5
Sub-Assembly & Rework	28-0

#8
SECOND SHIFT

Assem. Line	28-7
Assem. Line	28-6

#9
SECOND SHIFT

Tubes	24-5 & 24-6
Spindles	27-5
Steering Arms	22-5
Knuckles	21-0
Tool Room	Dept. 14
Tool Maint.	Dept. 18
Maintenance	Dept. 13

#10
SECOND SHIFT

Axle Line	26-5
Axle Line	26-6
Axle Line	26-7

#11
SECOND SHIFT

Carrier Lines	25-1, 25-2 & 25-3
Case Line	23-5 & 23-6
Shipping & Receiving	
Inspection	15
Pinion Blanking	31-0
Pinion Cutting	32-0
Heat Treat & Luberize	33-0
Pinion-Hd. Grind	34-0
Gear Finishing	35-0
Ring Gear Blanking	36-0
Ring Gear Cutting	37-0
Differential Gear Blk. & Cut.	38-0
Ring Gear — Hard Grind	39-0

#12
THIRD SHIFT

Assem. Line	28-5
Assem. Line	28-0

#13
THIRD SHIFT

Assem. Line	28-6
Assem. Line	28-7

#14
THIRD SHIFT

Axle Line	26-5
Axle Line	26-6
Axle Line	26-7

#15
THIRD SHIFT

Tubes	24-5 & 24-6
Spindles	27-5
Steering Arms	22-5
Knuckles	21-0
Tool Room	Dept. 14
Tool Maint.	Dept. 18
Maintenance	Dept. 13

#16
THIRD SHIFT

Carrier Lines	25-1, 25-2 & 25-3
Case Line	23-5 & 23-6
Shipping & Receiving	
Inspection	15
Pinion Blanking	31-0
Pinion Cutting	32-0
Heat Treat & Luberize	33-0
Pinion-Hd. Grd.	34-0
Gear Finishing	35-0
Ring Gear Blanking	36-0
Ring Gear Cutting	37-0
Differential Gear Blk. & Cut.	38-0
Ring Gear — Hard Grind	39-0

TWO ELECTED FOR EACH PRODUCTION COMMITTEE

Schuster said that there may be months when the figures appear to be out of balance, but to change the formula every month would not be worthwhile. "You have to take your chances -- roll the dice. It's the atmosphere you create or generate in your plant that's important." Schuster said.

With the plan in operation, Schuster said that management can go out to the Production Committee foreman and talk about any problem, and that labor can come forward with any problem. "We have generated this give-and-take between the two sides. If you want to tie it down to whether James produced 100 rather than 150 parts, well, it's not going to be that because it's a group plan -- all the way from the vice president down in our plant. Everybody participates. So we feel we can get increased productivity through generating the atmosphere for talking to people and giving them the opportunity to come forward with their ideas."

Scanlon Plan operation has not eliminated problems in the plant, said Schuster. "There are probably just about as many grievances. They may have changed in nature somewhat, but there are still grievances. There is still tough negotiating."

Another speaker at the Conference, William Watson, past bargaining chairman, United Rubber Workers, Local 663, answered a question about the accuracy of productivity measurement, saying that "while there may be something that is not easily or readily measurable, there is no question about the employee's interest in productivity, because he will increase his bonus through productivity increases."

Introduction of the Plan

Watson pointed out that under the old individual incentive system, which prevailed at Parker prior to the installation of the Scanlon Plan, the introduction of new equipment and new methods had been resisted.

"I can say without hesitation," said Watson, "that we welcome new equipment now, because first of all we have an idea of what the company's problems are, and we know what is happening to us. Exactly the same thing was happening to us back in 1954, in terms of holding our place in the pen industry, as has happened in the steel industry, with both foreign and domestic competition getting the best of us. Now we have been able to meet that. We have been able to take home more money. In fact, people love the changes, because we see that jobs don't dry up and disappear. We have brought back work that was done by subcontractors in the past, and there is room for improvement here too."

The Scanlon Plan was introduced at Parker in the early 1950s because the individual standard hour incentive system had gone badly out of kilter and the company felt that it would be virtually impossible to overhaul the old incentive system or to replace it with another similar system without precipitating a long and bitter labor dispute. Of the alternatives available, Parker management decided that installing the incentive plan devised by Joe Scanlon was the best approach.

During labor negotiations in 1953 and 1954, the unions who represented production and maintenance employees were advised that the incentive problem must be resolved. At the conclusion of the 1954 negotiations, both unions agreed to submit the Company proposal to their memberships for approval. The proposal -- to abolish the individual standard hour incentive plan and install the Scanlon Plan -- was adopted by the memberships. On August 1, 1954, the Plan became operative on a one-year trial basis.

Problems at the Start

The initial stages of the plan were not without problems, Schuster said in describing the early experience. "There's no question that there was a crisis at the time that the Plan was initiated at Parker. And whether you need a crisis or not, I really don't know. I don't think so. But by going to the Scanlon Plan, many union members lost income."

He said that under the operation of the Plan, employees were given a vast amount of information about the company's business. "They knew what the shipments were going to be for the month. They knew one order was to go to Iran, another to Saudi Arabia, and they were following up on one to Japan. They knew that the cost of silver was going up. They knew there wasn't enough capacity on a particular machine to make what was needed, and that there would have to be a subcontract."

Watson offered the labor viewpoint, saying, "We did recognize the fact that the company was having problems and that their problems were ours."

Donald Draheim, the plant production superintendent, pointed out that operation under the group incentive plan called for a "continual education program." Participants, he said, particularly new employees, must be constantly taught about the plan -- "What it can do for you. What it can do for the plant, for the business. It is not something you can drop. You have to work at the plan every day -- both you and the union members."

Gains Under the Plan

In discussing the gains under the Scanlon Plan, Schuster explained, "We don't maintain any figures or even try to compute productivity gains or loss. But let me put it this way. In terms of production, what we have produced in the last year would be -- I am going to take a guess -- 100 percent more with the same number of people than what we had 10 years ago."

With the Scanlon Plan at Parker now in its 22nd year, Schuster outlined some of the changes that have occurred during this period, which he feels are a direct result of using the Scanlon Plan as a tool in managing a production plant:

"The Scanlon Plan forced the Company into a job enrichment program by the very spirit and mechanics of the Plan long before the term 'job enrichment' was popularized by the social scientist. This was accomplished by accepting the key word of the Scanlon Plan -- participation. Employees are told what each month's sales forecast is, what the critical areas regarding shortages of materials, machines, etc., are. Through the suggestion system, they have a way and are encouraged to communicate on all matters relating to the business, their jobs, and the jobs of others.

"Automation has not been an issue here. In fact, the employees have encouraged the company to automate. At the present time, we are producing at a significantly greater rate than years ago with about 50 percent less employees.

"The article in the September-October 1969 issue of the Harvard Business Review by Fred Lesieur and Elbridge Puckett mentions that Parker was purchasing about 50 percent of the parts required to produce its products. Today, we are purchasing about 10 percent of the parts from outside sources. During the next 12 months we intend to bring back to Arrow Park over 135 million parts which have been purchased from outside sources.

"In years past, the Parker Pen Company's advertising would at times mention the large number of inspectors used to achieve a quality product. Through the attitude developed by the Scanlon Plan and the adverse effect of scrap on the bonus, we have been able to significantly reduce the number of inspectors while at the same time maintaining or improving quality.

"The Plan has also assisted in developing attitudinal changes in the employees, particularly in having them more readily accept changes which affect them. One example would be the manner by which -- with a plantwide seniority clause -- we have been able in the past 10 years to reduce the number of individual jobs from over 400 to under 200 by the simple process of combining.

"Although the measurement used to determine the ratio between labor and the sales value of production is not absolute, the Plan has paid an average of about 13 percent bonus each year to the participants, with the highest yearly average being about 40 percent."

RUSHTON -- AN EXPERIMENT WITH MINERS REGULATING THEIR OWN WORK ACTIVITIES

Drawing on the experience in coal mines in the United Kingdom, where so-called autonomous groups have worked in coal face operations to improve productivity, an experiment has been under way at the Rushton Coal Mine, Philipsburg, Pennsylvania, to make professional miners competent in all the tasks in a mine section. The experiment was discussed by the president of the company and mine work force spokesmen at the Washington and Buffalo Conferences.

With shared competence, the miners could arrange their work flexibly and regulate their work in relation to each other. To make such an arrangement possible, the management gave up the right to direct the work force at the coal face and agreed to pay a common rate -- the top rate -- to all members of the group, since all would be taking equivalent responsibility and would be equally qualified to undertake all tasks involved in the mining operation.

The main thrust of the experiment was to achieve an improvement in work quality, with productivity gains reflected in such factors as lower costs, lower rates of absenteeism, and a lower accident rate. The experiment has been jointly sponsored by the Rushton Mine management and the United Mine Workers local, with technical assistance from the National Quality of Work Center. The National Commission on Productivity and Work Quality provided the initial grant for the exploratory phases of the experiment, while the Economic Development Administration of the Commerce Department has funded the continuing, operational aspects of the project.

Initially, a research team comprised of two faculty members of Pennsylvania State University and a faculty member of the University of Pennsylvania was formed to conduct action-oriented projects in work quality in the mining industry. Rushton Mining Company was chosen for the experiment.

Committee Organization

Rushton Mine management agreed to the experiment. From the union side, Arnold Miller, president of United Mine Workers, also agreed, with the understanding that a local labor-management committee would approve everything that was done, and that any productivity gains should be shared in ways that would be jointly determined by management and labor. Approval and support for the project was obtained from the Federal and State agencies responsible for safety enforcement.

The next step at the Rushton Mine was to set up a local labor-management committee, known as the Steering Committee. This group first convened in August 1973. Membership included on the management side, the company president and other principal management executives, and on the union side, the officers as well as the members of the Mine and Safety Committees.

The Steering Committee and the research team met regularly every two weeks in daylong sessions which were held off the mine site. The goals, structure, and procedures of the project were shaped, with particular attention to ways in which the experiment could be reconciled with the union contract.

The Plan Takes Shape

Details of the plan were eventually agreed upon, and the text of the agreement, known as the "document," was made available to everyone at the mine. Essentially, the document provided that:

1. An experimental section in the mine, to be comprised of 27 volunteers, 9 for each of three shifts, would be established.

2. Every man in the experimental section would be on top pay. (To some of the younger volunteer miners, this could mean an increase of up to five dollars a day; to others, it meant small or no increases.)

3. All members of each crew would be, or would be trained by the company to be capable of performing any job, from shuttle car to machine operation -- providing essentially full job-rotation capability. In addition, the entire crew would be given special training in State and Federal mine law to give all an understanding of what comprises a violation.

   Each crew of the experimental section, therefore, would be an autonomous work team, with each man in the crew capable of performing any and all work functions involved in the underground production of coal. No craft or functional distinctions whatever, of either pay or job classification, would exist between crew members.

4. Each of the three crew foremen in the section would have responsibility solely for the safety of his crew and for planning. All former responsibility and authority for the production of coal was transferred from the foremen to the crew itself. The foremen's authority to give orders to the crew henceforth would be solely on safety-related matters. Grief by any member of each of the three crews would be dealt with by the crews themselves, without recourse either to foremen or the grievance committee for solution.

The union membership voted in favor of proceeding with the experiment at a meeting on October 7, 1973, with the understanding that either management or the union could withdraw at any time.

With the development of a work team whose members could perform all of the tasks required on a mine section, it was agreed that the foreman's responsibilities would shift from production to focus primarily on safety.

Improved safety was judged likely because a foreman responsible for both production and safety functioned in a dual role, while a foreman working with an autonomous group could devote most of his time and effort to safety. His additional responsibilities would cover on-the-job training and planning more effectively for supplies and maintenance.

Collaboration Replaces Competition

The operating plan was to have the autonomous group members work in an entire mine section in three shifts. A shift crew would consist of a miner-operator and a helper, 2 roof bolters, 2 shuttle-car men, a mechanic, and 2 support men, making a total crew of 9 and a total section group of 27. Members of each shift would become increasingly multiskilled with time, and would interchange their tasks more frequently. Production would be tallied on a 24-hour basis so that intershift competition could be replaced by intershift collaboration.

Volunteers were requested for each job billet, and the participants were selected from among them according to seniority. Their previous jobs were held open for 60 days so they could return to their original assignments if they did not like working autonomously.

After 60 days, they would have to join the general work force until an opening arose in their former classification. Only one man returned to his former work slot during the initial 60-day period, and none has since that time.

Following the organization phase of the experiment, the Steering Committee mapped a transitional phase of roughly three months before the designated mine section would be regarded as completely autonomous. During the first part of this period, the crews remained fully under foreman control while familiarizing themselves with the physical aspects of their tasks and the problems of working as a team. During the second half of this period, they remained partially under foreman control while continuing the familiarization process.

A six-session orientation period began in December 1973. The entire section of 27 men and 3 foremen met every Monday and Friday for all-day meetings over a period of three weeks in a classroom aboveground. Tuesdays, Wednesdays, and Thursdays were regular working days on the new section underground. During the orientation meetings, the text of the experiment agreement was reviewed, autonomous work group concepts were explained, and all job tasks reviewed. The men received a job safety analysis program, and the Federal and State safety laws were reviewed. There were exercises in group problem-solving as a part of the sessions.

There followed a period of several weeks during which the men worked at the jobs they originally opted for, but they were encouraged to begin learning the other jobs on the section. As the primary focus during this period was on learning, management agreed to a moratorium on pressure for production.

Joint Committee Is Formed

On February 26, 1974, the section elected one man from each crew to be a representative to what was called the Joint Committee. Two representatives from the local union leadership were also named to serve as the union representatives on the committee. Management appointed five members, and the Steering Committee then declared the section autonomous and withdrew from active involvement.

During the operational phase of the experiment, from March 1974 to March 1975, the autonomous effort continued, with the research team assisting with training and development and in resolving such conflicts as arose.

At approximately six-week intervals, the entire 27 members of the section and the foremen met in an aboveground classroom where operations over the previous six weeks were reviewed and the next six-week period planned. The men were paid their regular daily rate during these meetings, with the review and planning time considered as important as time on the job.

The Joint Committee met at irregular intervals through the spring and summer to settle disputes which arose in the autonomous section. The Joint Committee began to meet regularly in September to discuss sharing of gains. Issues that were raised included how gains were to be measured and how they were to be divided. The research team considered it important that these issues be explored before it was determined whether or not there were gains.

Twice each month, the three foremen, often with other members of management, met with the research team to discuss safety, training, labor-management relations, communications, and resolution of conflicts.

Higher-level management officials met irregularly at first to consider the progress of the experiment. Toward the end of the period, these meetings were held more regularly to discuss management's new philosophy in a relationship with autonomous working groups.

The research team was invited to attend all meetings in the union hall when the project was to be discussed.

Preliminary Results

There were fewer violations of the Federal Coal Mine Health and Safety Act in the mine section where the experiment was conducted than in the other two sections of the mine which continued to operate conventionally. The accident and absenteeism rates were less than in one other mine section and equal to that of the second conventionally operated section.

An evaluation team interviewed all the men working in the experimental section in December 1973, and again in June and October 1974, with preliminary data revealing that:

1. The men perceive themselves as making more decisions concerning how the work is divided, what they should do, and how to do it.
2. The men recognize their interdependence, and believe that their coworkers have many good ideas to contribute to improved performance.
3. They see their supervisors as making fewer decisions affecting how they should perform their work.

Warren H. Hinks, Jr., president of Rushton Mining, reported that the experimental process has increased worker satisfaction, lowered absenteeism and reduced accident rates. Hinks expressed his appraisal of the program:

"The average worker wants to make an intelligent and creative contribution. I know it may be difficult for some of you to believe, but miners like their work. They want to be involved in decisionmaking that affects them.

"In the new system, the men receive training which gives them the necessary information to make decisions. We believe that authority should go with this knowledge. Also autonomous work teams provide the worker with horizontal mobility -- he can try a variety of assignments. Formerly, he had only vertical mobility -- he had to wait for someone to resign or die before he could change jobs."

The report of the research team points out that members of the experimental section at the mine had a private meeting with officers of the international and district union to discuss their reactions to the project.

The men, it was reported, said they felt themselves respected by management as never before; they no longer felt tired when they got home from work. There was no longer the same stress on the job, and they did not quarrel as much or leave the workplace in a mess for the next shift.

Similar expressions of worker satisfaction were voiced by mine work force spokesmen at the Recent Initiatives Conferences.

One miner participant in the experiment, Mark Naylor, described his attitude by explaining that he had little interest in his work or the experiment, but volunteered to join the group because he was a shuttle car operator and might have taken years in the ordinary course of events for him to get top pay. Pay was his incentive in joining, plus an interest in being a machine operator, which his participation in the experiment permitted.

Naylor points out that he didn't give a "damn" about the company and that under the old system, when a machine broke down, a shuttle car broke, supplies were late, or the foremen wasn't present, the men would sit around and wait to be told what to do next.

Under the new working conditions, Naylor said, the crew felt that the machinery and the responsibility have somehow been transferred to their charge.

"Suddenly we felt we mattered to somebody. Somebody trusted us. And in a week or two we were busting our hump in a way I've never seen guys work underground before. When a machine busts down nowadays, most of the time we don't bother to call a maintenance man. We just fix it ourselves, because, like I said, we feel it's as much ours as our own car at home."

Results Assessed

The research team reported that in order to make an autonomous working group approach operative, higher management has to invest in certain technical modifications to improve productivity and take time to learn more effective planning and interpersonal skills. On labor's side, innovation and acceptance of improved mining methods will be necessary.

In gain-sharing -- or as miners term it, bonus -- joint contributions from management and labor are necessary to legitimize the concept. Miners are skeptical concerning management's willingness to share gains or calculate them to their satisfaction.

All parties to the experiment seemed to believe by their earliest comments that as soon as management retreated from its immediate supervisory role, all kinds of innate abilities that had been pent up by oversupervision would blossom forth. These beliefs, the research team concludes, have proven to be naive.

A more realistic assessment, as offered by the research team, is that "intercrew communication has improved a great deal. Better planning takes place. Most men know more than one job (though actual switching remains restricted), and greater cooperation prevails throughout the mine as well as in the experimental section."

The research team stated that for any significant conclusions to be drawn, the experiment would have to be extended to the entire mine; that with only one section involved in the experiment, miners feel unsure of the project's survival and are tentative about commitment to its concepts.

The research team favors the continuance of the experiment for another year. The union feels that the experiment should be extended to the whole mine, or failing that, the mine operation should revert entirely to the traditional operating pattern. Management has indicated its willingness to put the mine into autonomous operation, but is reluctant to make the change in a single stage, suggesting a gradual approach.

The plan for extension to the entire mine that had been worked out by the Joint Labor-Management Steering Committee was turned down by the union membership by a vote of 79 to 75. At a subsequent session of the joint group, several changes were made in response to the objections of the dissenting union members. With these changes, the management and union have agreed to continue the program where it is currently operational and to extend it throughout the remaining sections of the mine.

SOME LESSONS FROM COOPERATORS

Labor-management committees are formed when management and labor mutually agree that together they can accomplish through cooperation more than can be achieved through their own separate efforts. Workers need and seek more security, higher wages, better fringe benefits, and some satisfaction and participation on their jobs. Employers need profitable operations to stay in business.

John M. Stewart, a director of McKinsey & Co. and former Executive Director of the National Commission on Productivity, speaking at the Buffalo Conference, expressed the consensus of many speakers as follows:

"If we've failed in labor-management cooperation, we have failed to understand 'the other guy's point of view' and we have failed to take the time and effort to determine what his problems are and what he too would like to achieve."

This theme runs through all of the examples of how labor and management complemented their adversary roles and worked in tandem to accomplish definite mutual objectives.

Five Lessons

One of the lessons in most cases is that the effort did not come readily. Frequently, the sense of urgency resulting from a crisis situation brought together those who had been rigid in opposition to one another and impelled them to change attitudes. In the case of the steel industry, it was the alarming loss of markets to foreign competitors. In the case of Jamestown, New York, shrinking employment and a rising rate of business failures made both the management and labor segments of the community amenable to change.

A second lesson which emerged clearly during the various conference sessions was that new initiatives are not uniform. They are patterned to fit specific needs, whether on a national level, embracing an entire industry, on an area level, a State level, or a community level. They may apply to a single plant or to a multiplant corporation.

A third lesson which was expressed by both speakers and participants at the conference was that more balanced structure is needed in the relationships between management and labor -- that a voice should be provided for labor in decisionmaking about their work. A basic complaint on the part of workers -- as seen, for example, in a survey of worker attitudes taken in an

Eaton Corporation plant--was the feeling of a lack of input in the decision-making process.

Speaking from his experience with the Canadian Department of Labor's program to foster union-management cooperation, Ernest Lawson replied to those who are concerned with the possible erosion of management's rights: "We are saying to them that it is right that you retain the right to make that final decision -- we're not saying that management should ever lose that right -- what we are saying is that before that final decision is made, hear the views and concerns of the people involved in that working environment and base that final decision on the views and concerns of those people."

At the same time, the issues that can and cannot be handled in the labor-management committee relationship were sharply delineated. Both union and management strongly hold that labor-management committees should in no way abridge the contractual relationship between the company and the union.

Secretary of Labor Dunlop expressed the view that the collective bargaining parties should have the responsibility of defining the areas which are proper for labor-management committee consideration. "Any other approach," he warned, "is likely to run into trouble."

At the same time, Dr. Dunlop pointed out that just as collective bargaining is a dynamic institution viable in changing circumstances, so labor-management committees are also very dynamic.

Taking the same theme in discussing the role of labor-management committees, Bruce Thrasher, Assistant to the President of the United Steelworkers of America, emphasized:

"Such committees are not a substitute for, nor an alternative to free collective bargaining. Successful labor-management committees appear to require a mutual relationship and serve to complement the collective bargaining process."

Fourth, opinion is divided as to the possible role of third parties in bringing about an improved relationship between management and labor. In some situations -- as in the case of Jamestown -- extensive outside help from government and universities has been used in developing a coordinated communitywide approach by labor and management. There was also substantial continuing help from third parties in the Rushton Mine and Eaton Corporation experiments. And outside experts also helped in starting up Scanlon Plans and the Labor-Management Committees under the Federal Mediation and Conciliation Service program.

In contrast, the industrywide effort in the steel industry and the TVA had no third party involvement.

The obvious deduction is that the issue of third party input can best be left to the labor and management participants in developing a cooperative effort.

Fifth and finally, at various Recent Initiatives Conferences, the view emerged that a labor-management cooperative effort in improving productivity depends heavily on the state of the economy.

Steelworker President I. W. Abel, addressing the Washington conference, expressed his approval of the objectives of the National Commission on Productivity and Work Quality, but questioned the ability to expand interest in increasing productivity during a period of high unemployment and unused industrial capacity.

Abel spoke of the "reluctance on the part of people to cooperate in productivity improvement programs because of the prospects of losing jobs and helping to 'un-employ' themselves." The union leader pointed out that public works and other needs are basic to the society, and that a Government commitment to undertaking them would reinforce job security.

Ten Points to Observe

While any number of variables emerge as significant factors in the formation and operation of labor-management committees, speakers repeatedly highlighted the following 10 points:

1. As virtually all labor-management committees have arisen out of crisis situations, there should be consensus on the nature of the problem areas, and a rational analysis of the causes and the course to be pursued.

2. The approach must have the commitment of both parties to the effort with issues such as the role of a third party left to the initial participants.

3. Communications are central to a successful labor-management committee effort, in order to ward off rank-and-file union suspicion of a "sellout" to management, and to avoid the feeling by line supervisors that the union representatives are going over their heads to get to management with problems. In a communitywide joint effort, the public has the right to know.

4. A mature relationship must evolve between management and labor, based on a willingness to sit down and listen to the position of the other party, without the obstruction of personalities or past differences.

5. Sincerity, good faith, and credibility must not only be accepted as the basis for successful committee operation, but must be demonstrated by both parties. Mutual respect is essential for the functioning of the committees. Employers must recognize the desire of

workers to do an efficient job, and workers in turn must recognize that employers are concerned about their welfare.

6. Committee efforts must not undermine collective bargaining, but must, in fact, reinforce the collective bargaining structure. By dealing with problems before they become major issues, labor-management committees can contribute to industrial peace and help to improve the performance of both labor and management in their normal functions. In some instances, as in the steel industry, it was found an advantage to have the basic authority for committee organization fully set forth in the formal collective bargaining agreement.

7. Joint labor-management committees are not restricted to any line of work, but can operate for white collar workers as well as blue collar workers, for single companies or multicompanies, or in areawide or industrywide situations.

8. Commitment to labor-management cooperation is not a one-time effort, but has to be reinforced through continuous cooperation and communication at the committee level and throughout management echelons and work force.

9. While management and labor have an intense interest in a range of issues, job security is of fundamental concern to the labor participants in a labor-management committee effort. Assurance of employment security is a necessary condition for a successful effort.

10. Success of labor-management committees draws heavily on the learning ability of both parties. While the experiences in other industries, companies, or communities have a value as prototypes, committees essentially learn to develop a continuing work life through their own efforts and problem-solving procedures.

One single note that came through the conferences -- from labor, management, and the government participants -- is that the challenges are enormous, but that there are many more opportunities for constructive cooperation than ever before where management and labor reach a high level of maturity and concern.

APPENDIX A

RESPONSES OF ATTENDEES

Some of the most useful contributions to the conferences were made by the attendees themselves. Attendees were asked several questions about the value of labor-management committees and the obstacles to their introduction. Their replies provide the basis for this Appendix.

Most people approved of the idea of cooperation and nonadversary relations and agreed on the need for more communication between management and labor on productivity and related issues. There was some questioning of the motives of both labor and management in a committee situation.

The responses presented below are representative of those submitted by conference attendees. Responses to each of the four questions are listed separately by labor and management representatives:

Question No. 1:

Do you think that labor-management committees can promote the mutual interests of labor and management?

Management Responses

Industrial relations executive, electric manufacturing concern:

"Yes. New course to get away from adversary role and promote concept that companies and employees must work together toward productivity and profitability if either are to benefit and survive."

Executive, printing concern:

"Yes. Avenue of communication in nonadversary situation."

Personnel manager, electrical concern:

"Yes. Have had a limited program in progress for the last two years, and are pleased with the results. We hold weekly meetings and appoint committees to resolve mutual problems."

Administrative assistant, food manufacturing company:

"Yes. Where problems exist outside the collective bargaining agreement, can provide a forum for discussion."

Superintendent, steel mill:

"Qualified yes. We believe it works best at the lowest levels."

Hospital executive:

"Yes. In the right environment, can tend to reduce differences and result in better understanding between labor and management."

Executive, coal company:

"Yes. Companies can engage in discussions of various types, and as long as all agree that an ongoing enterprise with satisfying working environment is desirable and as long as people honestly talk to each other, progress can be made."

Personnel executive, electrical concern:

"No. Practically speaking, no. While a mutual interest is sound philosophically, management and labor both have forces working on them which create diverse purposes, rather than mutual interest. Labor-management committees, in my opinion, better serve as a forum of communications on all matters. A forum for communications would be a giant step in many instances."

Personnel manager, food concern:

"Yes. Provide a format for vocalization of problems and serve as a preparation for future negotiations."

Manager, chemical concern:

"Yes. It will have a definite effect on both parties. You can hammer out problems before they reach a grievance stage. Talk over production and quality problems and get input from both sides as a group effort sort of plan."

Labor relations executive, steel products company:

"Yes. I view the labor-management committee as a formalized extension of the periodic meetings companies frequently have with unions. In those cases where the potential return is highest, there is a corresponding degree of difficulty in breaking down the barriers that probably exist."

Industrial relations executive, nonferrous metals company:

"Yes. Like many other vehicles, it is an instrument to bring people together. If each knows what can be accomplished by the committee, then each can better evaluate whether to make the total commitment or not."

Metallurgy department, steel corporation:

"Yes, if the need for such a committee is determined before it is too late to close the barn door. Labor must recognize the need before large numbers of jobs are lost or plants are being phased out."

Federal Government executive with labor function:

"Yes. There is a potential that remains to be demonstrated. While the case studies presented are indicative of possibilities, there remains the need for more precise developments associated with productivity and the quality of work."

Federal Government executive concerned with industrial relations:

"Yes, to some extent, but I believe it is easy to overestimate the significance of these types of arrangements. It is my distinct impression that the committees discussed at the sessions are, in the main, experimental and fragile."

Special assistant to a U.S. Senator:

"Yes. The main thrust, though, that I received from the discussions was the importance of the people who serve on the committees. The committees, it seems, work as well as the persons serving on them work together."

Labor Responses

Business representative, truck drivers and helpers local:

"Yes. Only if both sides are sincere and will give and take."

Representative, machinists local:

"Yes. Personally feel that the committees could help on a lot of problems other than contractual, such as quality, production control, tool design, better work setups, better system of promotion could be helpful."

Representative, steelworkers local:

"Yes. There are many areas which are neglected because labor and management haven't had a method to discuss mutual interests of this type."

Representative, food workers local:

"Yes. I believe that it is possible if there is an equal need for each party such as a crisis. Necessity is the mother of invention."

Representative, International Chemical Workers Union:

"Yes. Communications are most important -- keeps the union informed so they can keep the membership abreast of changes -- schedules, machinery, etc. It also gives the union an opportunity to make suggestions prior to changes."

Business representative, machinist union:

"Yes. In many cases, by meetings and discussions, many problems are resolved because both parties are able to understand each other's problems much better. These committees may provide the forum for dialogue which is necessary for successful relations."

Representative, textile workers:

"Yes. To foresee is to succeed in alleviating potential problems -- making meaningful suggestions."

Representative, ironworkers local:

"Yes. If any organization is to survive and grow in these changing times and economic conditions, it is imperative that we in labor and management must be constantly working in harmony for our mutual benefit."

Representative, asbestos workers local:

"Yes. We have one in our industry."

Representative, auto workers local:

"Yes. There is more than contractual obligations due employees. With the human factor, attitudes, moral responsibilities, and mutual respect for each employee, more can and would be achieved in the workplace, with the end result of pride in performance for the employee and monetary benefits to both parties through increased productivity."

Representative, glass and ceramic workers local:

"Yes. I believe it would take tension off the responsible parties; it would allow union and management to take a look at the problems on a mutually neutral basis, which would be fruitful to both."

Representative, steelworkers local:

"Yes. I think it would be of mutual interest. But only if everyone will face the facts. We have to talk about the wrongs -- not only of management but labor as well."

Representative, machinists local:

"When you get both sides working for a common goal, it's bound to promote mutual interests."

Executive, government employees union:

"Yes, if there is a bonafide commitment on the part of both labor and management to make such committees productive. There has to be a genuine commitment on the part of management to share the benefits of improved productivity through such activities."

Question No. 2:

What do you foresee as major obstacles to setting up and maintaining a labor-management committee?

Management Responses

Personnel executive, public utility:

"Union officials' fear of membership suspicion. Top management's fear of getting into continuous bargaining. Union officials' fear of being manipulated. Difficulty of representatives of both sides, who have long played adversary roles, recasting themselves as cooperative problem-solvers."

Industrial relations executive, electric manufacturing concern:

"Fear on part of unions that they are giving up something, and that employees will feel that the union leaders are a tool of management. Fear on the part of employees that it is another gimmick to make them work harder, etc. Fear of giving up management rights -- that it would take too much company time, effort, and money."

Administrative assistant, food processing concern:

"Company highly seasonal. Range from 12,000 employees to about 400 during non-canning season. Units are small, 60 members. Unless they benefit the respective plant manager directly, it would be difficult to sell him on the idea. Do not have that quality or quantity of skilled managers to begin and continue effective committees."

Executive, steel company:

"Lack of communication and wanting to fully understand job security."

Hospital executive:

"Management and labor union leaderships' fear of giving up some of their traditional authority."

Executive, coal company:

"(1) Fear of change to a new status when the old way of doing things has been tolerable. (2) Traditions which gave preferential treatment to certain people or groups which are now challenged. (3) To maintain a committee, labor must be allowed to engage in real and meaningful decisions."

Personnel executive, electrical manufacturer:

Factors affecting establishment of a labor-management committee are: (1) Past relationships of parties. (2) Status of business. (3) Maturity of labor relations. (4) Conditions that existed when committee is established. (5) Top labor-management commitment."

Production planning and industrial relations executive:

"The major obstacle will be the selection of the type of people who will see both labor and management side of the problems."

Personnel executive, container manufacturer:

"A strong commitment from both sides, which almost makes a crisis situation necessary, at least initially."

Industrial relations executive, chemical company:

"Seeing that the discussions and actions do not infringe on contract matters, and getting the support of the top management and union officers."

Industrial relations manager, industrial equipment manufacturer:

"Collective bargaining is institutionalized conflict and makes it difficult for parties to adopt problem-solving approach."

Personnel executive, steel industry:

"A continuing program of educating management and unions to understand the scope of the operation of such committees. Employees need to be shown the advantages of joint cooperation."

Labor relations executive, abrasives manufacturing company:

"(1) Great tendency to ease into areas normally reserved for contract negotiations. May not be entirely undesirable. (2) Communications -- would prefer a method to insure work force gets feedback on a regular basis."

Equal opportunities executive, tire and rubber manufacturer:

"That the benefit be one-sided toward the union."

Special assistant to a U.S. Senator:

"If both management (backed up by top corporate executives) and labor with equal backing can maintain a credibility with workers and stockholders based on productive results benefiting the whole community, obstacles should be reduced significantly."

Federal Government executive concerned with industrial relations:

"There is the problem of maintaining long-term interest once short-term problems are solved. More significantly, I find no clamor on the part of management or labor for such committees."

Vice president, industry association:

"Distrust of intentions. Lack of understanding of potential mutual benefits."

State Government official concerned with management and productivity:

"Major obstacles are reluctance to take risk of innovation; no conviction they merit priority on busy schedules; lack of catalysts to assist in formation and early stage operations."

Labor relations manager, electric manufacturing concern:

"As discussed at the Conference, the major obstacle in setting up and maintaining the labor-management committees was the establishment of mutual trust."

Industrial relations official, rubber manufacturing company:

"Suspicion on the part of labor unions that such programs constitute a speed up."

Retired government official with former industrial management function:

"Lack of knowledge. Fear that management will dominate or put something over. Fear that the union will demand too much. Fear that the unions will be fooled. Fear by the union's district or national officers. Fear by the shop stewards that they may lose the important part they play in the union structure. Ditto with the foremen."

Operations vice president, steel manufacturing company:

"Lack of full cooperation by unions and lack of complete commitment from union leaders."

Labor Responses

Representative, teamsters local:

"Teamsters have too many groups, but in milk plants and factories, it could work."

Representative, machinists local:

"(1) Have management agree to put themselves on same level for discussion with the union. (2) Have an open-minded third party."

Representative, steelworkers local:

"To meet with management and express thoughts and ideas beneficial to both parties and then have management ignore or disregard these thoughts is discouraging. There must be more open-mindedness and a willingness to experiment if there is to be any success at all."

Representative, steelworkers local:

"Nonmotivation, lack of interest of the rank and file and first-line management while the committees are being organized is a great problem. Unforeseen results from a new idea do little to promote interest of membership."

Representative, food workers:

"If there is a need by only one party or neither party, then you get into the age-old con game which could destroy the honesty aspect, thereby sabotaging the effort. There must be incentive by both parties to establish such committees."

Representative, garment workers local:

"Sincere cooperation on everyone's part. In most cases, suggestions or ideas cost the management money and this seems to be the stopping point, even though it might prove to be a worthy investment."

Representative, communications local:

"Major difficulty would be the attitude of either side, plus the desire of both sides to want the principle of the thing to work. The problem of maintaining a committee would be to keep it on a problem-solving level, rather than a grievance procedure."

Representative, machinists local:

"A major obstacle could be a hard-nosed attitude by an individual or group. Morale of the employees must be good. Attitude toward the union must be good, especially by the top level management."

Representative, textile workers local:

"Union management relations? (willingness). Rank and file attitude (apprehension). Confidence in their own committee. Trust in management."

Representative, machinists local:

"The only obstacles I foresee may be with management. Of course, being a union officer, I feel that way. But, really to me, management has to open its mind and eyes to the everyday problems coming to light in its everyday operation and involvement with labor."

Representative ironworkers local:

"An unwillingness on the part of most companies to recognize that the people in labor rightly deserve an active and direct participation in the function, decisionmaking, and operation of the company, and of being important contributors to the team as a whole."

Representative, autoworkers local:

"(1) A limited number of people are open-minded. (2) No reason to try new system where present system is working. (3) Would question mutual interests -- capitalism vs. socialism. (4) Ignorance."

Representative, autoworkers local:

"The fear of loss of authority on the part of the supervisory force and the expense involved in lost time to the company in productivity at the outset due to the education of the employees on the purposes of such a committee. Also the accusing finger of the membership on selling out to the company by the officers of the union."

Business representative, machinists:

"A slow process of understanding between labor and management. Both sides have got to be honest with each other."

Question No. 3

What outside assistance do you need to plan, form, or maintain a labor-management committee?

Management Responses

(Many respondents indicated they did not have a need for outside assistance.)

Industrial relations executive, electric manufacturing concern:

"Strong impartial third party assistance to prod and direct parties and insure that it does not develop into a bargaining or grievance forum. Requires a group or agency that can be respected by parties and well versed in how to set up and maintain."

Administrative assistant, food manufacturing concern:

"We have decided not to proceed with labor-management committees until we feel a sincere need."

Personnel executive, electric manufacturing:

"Really none, unless an extremely poor relationship presently exists between the parties."

Executive, coal company:

"Spread the word. Tell more union officials and management groups about the workings of these committees."

Industrial relations executive, box manufacturer:

"Someone to be chairman."

Industrial relations executive, engineering company:

"Really none, except new ideas or successes from other labor-management committees being published and made available to both unions and management."

Administrative executive, steel structure manufacturer:

"An outside agency, State or Federal, should present the concept to labor and management. If a common ground appears realistic, they should attempt to form and maintain the committee."

Manager, chemicals plant:

"We have a partial one started at our plant now. I feel we need much more knowledge and input to really carry a program like this over the top."

Labor relations, abrasives manufacturer:

"(1) Most helpful to see samples of how others have set up, their pitfalls, etc. (2) Hard information to use in discussing concept with union."

Industrial relations, nonferrous metals company:

"A third party may be of some help. However, if both labor and management are indeed responsible and want this type of approach, they should be able to establish the committee themselves. Perhaps the third party could render the greatest assistance by first trying to develop the mutual trust that is required to establish a committee."

Director of personnel, utilities company:

"Bring corporate management and union officials together to discuss a committee approach; define in writing the committee purpose, membership, and rules of conduct; solicit agenda items prior to each committee meeting and stick to the agenda; hold meetings away from the company property."

Plant manager, automotive parts plant:

"More participation in productivity conferences and selling the concept to top management and top labor leaders."

Coordinator, State planning and development commission:

"Organized promotion, cooperatively sponsored by labor, management, Federal and State Governments, and universities."

Editor, Federal Government publication concerned with labor developments:

"Report on successful experiences."

Labor Responses

Representative, machinists local:

"(1) Experienced people to help in setting up the basics of the committee. (2) Deciding what government agency to use for a third party if needed."

Representative, machinists local:

"In our case, Federal Mediation Service could be of value."

Representative, steelworkers local:

"Possibly none, if the right decisions were made by the people closely associated with the problems. However, management tends to learn the hard way, and it is only after they are taken to court by various agencies and government intervention that they respond to what has been told to them for years."

Representative, graphic arts local:

"Actually, what we need is outside proof to be given to our management to show them the benefits of a sincere labor-management committee. We do have a committee now, but management shrugs off ideas or suggestions, and few are acted upon."

Representative, graphic arts local:

"Of most benefit would be to have some of the labor-management panels you had at your seminar appear before our membership at a special meeting."

Representative, machinists local:

"Have a coordinator at meetings with labor and management."

Representative, clothing workers local:

"Data on the principles and requirements of instituting a program."

Representative, machinists local:

"Outside assistance would be needed only if a minor obstacle remained which some organization could help with. The initial idea must come from the parties."

Representative, machinists local:

"To me, they should and almost have to have a coordinator of some kind to sit and act as a middleman and to more or less oversee the meetings. The problem is management sitting and listening and helping to do what it can to better the relationships between labor and management."

Representative, ironworkers local:

"A more concentrated effort by your type of approach to get management to take a sincere interest and participate in just such a conference as this."

Representative, autoworkers local:

"The procedural process for initiating the committee and information on the pitfalls others have experienced so as to be aware and possibly avoid obstacles that would be a deterrent to the success of such a committee."

Representative, machinists local:

"The outside help we would need here would be someone coming in and convincing the company it would work."

Official, firefighters association:

"Positive programs of meaningful productivity measurements that will result in increased services to the citizens, rather than paper gains for public relations effect."

Question No. 4

What should the government do in the future to encourage committee formations, to coordinate labor-management committees?

Management Responses

Engineering executive, box manufacturer:

"Bring industrial leaders and union management together on a local basis in order to air any gripes and build a foundation of mutual interest."

Personnel executive, public utility:

"Have resource people available to serve as midwives, at the request of unions and companies."

Industrial relations executive, industrial tool manufacturer:

"We have already established excellent union-management relations. There should be minimal problems getting a program off the ground in this time of crisis, once our current contract negotiations are completed."

Treasurer, graphic arts company:

"Keep holding seminars, especially at national union-management levels, in order to give sponsorship of the national to local levels."

Hospital executive:

"(1) Keep it in the attention of business and labor. (2) Provide for more workshops in particular industries (i.e., hospitals, steel, food, etc.). (3) Shorten seminars.

Executive, coal company:

"In the coal mining industry, we must first have discussion with various mining company managers and the UMWA leaders in many districts to inform people of what a labor-management committee can do. Send information to major mining companies and mining trade groups, and also the union."

Industrial relations executive, chemical company:

"The seminar did a lot to bring the possible use of these committees to the attention of people who were not really aware of their purpose or scope. I'd suggest further use of these seminars in other areas."

Executive, textile company:

"(1) Educate as to concept and others' successes. (2) Guide the parties in establishment of ground rules. (3) Observe committee action, providing third party appraisal and adjustment of relationships."

Executive, frozen food company:

"Rather than just promoting in a positive light, work up studies showing failure and as many specifics as possible. A what-not-to-do format."

Manager, chemical plant:

"I think the ice has been broken in forming these committees. The effort has concentrated on steel and autos. In the future, the effort should be extended to the smaller manufacturing company with employees from 50-100-150."

Industrial relations executive, machinery manufacturer:

"Concentrate on critical situations."

Personnel executive, steel company:

"Give more publicity to such programs through the news media."

Labor relations executive, steel company:

"A greater distribution of literature to union groups -- especially quoting other union people who have participated in these programs at their individual plants."

Labor relations executive, abrasive manufacturing concern:

"Sell the winner! Cite cases of success. Make representatives available for joint exploratory meetings with company and union."

Industrial relations executive, nonferrous metals company:

"Publicize successful committees. Publicize the types of approaches that have been successful from both sides in establishing committees. Identify the third party that could assist in committee development."

Metallurgist, steel company:

"Work attitudes are developed before entrance to the labor market. Educational programs in high school should be considered."

Director of enterprise development, regional commission:

"I believe that in my case, it would have been useful to have received reference materials beforehand. This could have provided a basis for shorter workshops and more discussion."

Personnel official, Federal Government agency:

"Wider dissemination of information about successful operation of such committees."

Executive director, industrial engineering association:

"More involvement of industrial engineers."

Vice president, industry association:

"Much more needed on concept of output efficiencies per worker and capital equipment support; also innovation benefits."

Director of communications, national training society:

"More exposure of success stories, plus offering of formal orientation programs and startup assistance."

Labor relations director, metals manufacturer:

"Continuing education programs to encourage real thinking of professional attitudes regarding necessary changes to operate in today's world."

Regional Federal Government official concerned with apprenticeship and training:

"I believe the National Commission on Productivity and Work Quality should take a second look at the operations of the Union Management Services Branch, Canada Department of Labor, and the Bureau of Apprenticeship and Training, U.S. Department of Labor. Both agencies are service-oriented."

Labor Responses

Representative, machinists local:

"(1) Keep on having work sessions to explain. (2) Make up list of interested third parties. (3) Bring experienced people together for follow-up information."

Representative, machinists local:

"Continue present seminars on labor-management committees, but follow up and try to get firm commitments from those attending to form a labor-management committee."

Representative, steelworkers local:

More advertisement through the mass media to interest more members of labor and management would promote the idea in general and form a basis to start from. A program to educate committees in their own area would be beneficial."

Representative, graphic arts local:

"Introduce problems and situations from other industries that were solved by labor-management committees."

Representative, clothing workers local:

"Provide information and expertise to both sides, outlining the success or failure of programs. Let labor and management outline what they want from a committee program, then make available the data needed."

Representative, machinists local:

"Keep a continuous report flowing on progress of committees."

Representative, textile workers:

"Continue to have periodic seminars (joint labor and management); also have labor and management individually encourage their own to participate."

Representative, machinists local:

"Try and sit in on more meetings. Try and get the parties working with each other. Open management eyes and ears to labor. Try and sit in as coordinator as often as necessary to do so. Bridge the gap between, and try and have both parties participate with each other."

Representative, glass and ceramic workers:

"More classes and more information into the field to the union representatives."

Representative, machinists local:

"Have more conferences, supply all union leaders and management with information on how to form committees. What type of information? Achievements where committees have functioned."

Research executive, railroad signalmen:

"Advertise successes, but no coverup of failures; cease anti-labor support."

Executive, steelworkers:

"A program designed to make the parties aware of the need to improve productivity."

APPENDIX B

PRINCIPALS, CONFERENCES ON RECENT INITIATIVES IN LABOR-MANAGEMENT COOPERATION

A. LABOR-MANAGEMENT COMMITTEE PANELISTS

Dana Corporation and United Auto Workers, Local 1838

Labor: Don Rand, Administrative Assistant to the
Secretary Treasurer
UAW
8000 East Jefferson Avenue
Detroit, Michigan 48214

Ronald W. Sanderson, President
UAW, Local 1838
Edgerton, Wisconsin 53534

Mgmt.: Lee Hess, Plant Manager
Dana Corporation, Spicer Axle Division
Edgerton Plant
112 West Fulton Street
Edgerton, Wisconsin 53534

Eaton Corporation and United Auto Workers, Local 625

Labor: Gary Brandt
Region 2, UAW
601 Rockwell Avenue, Rm. 301
Cleveland, Ohio 44114

James Vainer, President
UAW, Local 625
20713 Franklin Road
Maple Heights, Ohio 44137

Mgmt.: Reed Scherer, Manager, Employee Relations
Eaton Corp., Industrial Drives Division
3249 East 80th Street
Cleveland, Ohio 44104

Donald Scobel, Manager, Industrial Relations
Eaton Corp.
100 Erie View Plaza
Cleveland, Ohio 44114

Staff: John Brandt
Ohio Quality of Work Program
Ohio Development Center
8 East Long Street, 9th Floor
Columbus, Ohio 43215

Georgia-Pacific Corporation and the United Paperworkers and other Unions

Labor: Vincent Dinardo, International Representative
United Paperworkers International Union
Box 71-A-MRC
Bangor, Maine 04041

Mgmt.: W. L. Sawyer, Director, Industrial Relations
Georgia-Pacific Corp.
Woodland, Maine 04694

Illinois Cereal Milling Corporation and American Federation of Grain Millers, Local 115

Labor: Lloyd Freilinger, International Representative
American Federation of Grain Millers
Aris, Illinois 61944

Mgmt.: William Barenkamp
Illinois Cereal Milling Corp.
Paris, Illinois 61944

Jamestown, New York, Labor-Management Committee

Labor: Joseph Mason, Business Agent
International Association of Machinists, District 65
Jamestown, New York 14701

Joseph Wells, District Business Representative
United Furniture Workers
Jamestown, New York 14701

Mgmt.: Hal Bolton, President
Dahlstrom Manufacturing Co., Inc.
Jamestown, New York 14701

Edward L. Rohrback, President
Hope's Windows
84 Hopkins Avenue

Jamestown, New York 14701

Gov't.: Mayor Stanley Lundine
Sam Nablone, Ombudsman
City Hall
Jamestown, New York 14701

Staff: James Schmatz, Director
Jamestown Labor-Management Committee
City Hall
Jamestown, New York 14701

Parker Pen Company and United Rubber Workers, Local 663

Labor: Marshall Clause
William Watson
United Rubber Workers, Local 663
Janesville, Wisconsin 53545

Mgmt.: Donald Draheim, Production Superintendent
George H. Schuster, Manager, Labor Relations
Parker Pen Co.
219 East Court Street
Janesville, Wisconsin 53545

Rodman Industries and the Teamsters, Local 328

Labor: Donald Knutson, Chief Steward
Teamsters, Local 328
Marinette, Wisconsin 54143

Mgmt.: Donald Earls, General Manager
Armand Siguere, Production Engineer
Rodman Industries
Marinette, Wisconsin 54143

Rushton Mining Company and United Mine Workers of America, Local 1520

Labor: Mark Naylor
William Richardson
John Socoski, Mine Committee Member
William Southard, Committeeman, Autonomous
Work Group
United Mineworkers of America, Local 1520
Phillipsburg, Pennsylvania 16866

Mgmt.: Warren Hinks, Jr., President
Rushton Coal Company
First National Bank Building
Johnstown, Pennsylvania 15901

Raymond Massini, Section Foreman
Michael Repasky, Jr., Foreman
Clair Yingling, Foreman
Rushton Mining Co.
P. O. Box 589
Phillipsburg, Pennsylvania 16866

Staff: Ted Mills, Director
National Quality of Work Center
3049 Normanstone Terrace, N.W.
Washington, D.C. 23308

State Companies and United Steelworkers of America

Labor: Donald Roop, President
United Steelworkers of America, Local 392
Ridge Pike
Conshohocken, Pennsylvania 19438

Sam Parish,
George Sirolli
Bruce Thrasher, Assistant to the President
United Steelworkers of America
5 Gateway Center
Pittsburgh, Pennsylvania 15222

Mgmt.: Robert F. Groves, Vice President
John J. Hannigan, Vice President, Operations
Alan Wood Steel Company
Conshohocken, Pennsylvania 19428

Bruce Johnston, Vice President, Labor Relations
United States Steel Corporation
600 Grant Street
Pittsburgh, Pennsylvania 15230

Tempo Stores and Retail Clerks International Association, Local 214

Labor: David Tesch, Business Agent
Retail Clerks International Association, Local 214
Whittman Field
Oshkosh, Wisconsin 54901

Mgmt.: Roger Siskoff
Tempo Stores (Gamble-Skogmo, Inc.)
208 Division Street
Stevens Point, Wisconsin 54481

Tennessee Valley Authority and Employee Unions

Labor: Clyde R. Caldwell, Special Representative
International Brotherhood of Boilermakers
206 Delmont Street
Chattanooga, Tennessee 37405

Joseph E. Greene, Executive Director
TVA Engineers Association
210 Fidelity Building
Knoxville, Tennessee 37902

Mgmt.: William E. Black, Jr., Administrator,
Union-Management Relations
Tennessee Valley Authority
207 New Sprankle Building
Knoxville, Tennessee 37902

Theon Fields, Chief, Human Resources
Development Staff
Tennessee Valley Authority
Millers Bldg., Rm. 327, Gay Street
Knoxville, Tennessee 37902

B. UNIVERSITY STAFF

Buffalo State University

Dr. James R. McDonnell
New Classroom Bldg., C-225
1300 Elmwood Avenue
Buffalo, New York 14222

Cornell University

New York State School of Industrial and Labor Relations
Ithaca, New York 14850

Robert B. McKersie, Dean
Donald E. Cullen
R. E. Dennis
John E. Drotning
F. F. Foltman, Project Manager
Thomas Kochan
David B. Lipsky

University of Illinois

Institute of Labor and Industrial Relations

504 E. Armory
Champaign, Illinois 61820

Melvin Rothbaum, Director
Marge Chaplan
Terrence F. Connors
Milton Derber
Phillip L. Garman
Edward Hilz
Richard A. Mannweiler, Project Coordinator
Vernon G. Talbott, Project Manager
Martin Wagner

University of Wisconsin - Madison

Industrial Relations Research Institute
Madison, Wisconsin 53706

Richard U. Miller, Director
Charles Carlson
Harry Graham, Project Manager
Michael Pepperney
Gerald G. Somers

C. GOVERNMENT AND OTHER PANELISTS

Federal Mediation and Conciliation Service

Joseph Bania
1105 New Federal Building
111 West Huron Street
Buffalo, New York 14202

Leland Dean
433 Federal Building
U.S. Courthouse
113 St. Joseph Street
Mobile, Alabama 33602

Robert Klinshaw
26 Federal Plaza, Room. 2937
New York, New York 10007

Ed Mansbury
2346 South Lynhurst Drive, Suite B105
Indianapolis, Indiana 46241

Frank Perles
Federal Office Building, Room 504
Harrisburg, Pennsylvania 17101

Phillip Simon
George Vogl
214 Federal Building
325 East Walnut Street
Green Bay, Wisconsin 54301

Other Panelists and Speakers

Michael Brower, Director
Massachusetts Quality of Working Life Center
146 University Road
Brookline, Massachusetts 02146

K. P. Dewitt, Director
Ernest Lawson, Training Officer
Union-Management Services Branch
Canada Department of Labor
340 Laurier Avenue. W.
Ottawa, Ontario, Canada

Anthony S. Earl, Secretary
Department of Administration
One West Wilson, Room B114
Madison, Wisconsin 53702

C. D. Gardner
Union-Management Services Branch
Canada Department of Labor
10220 107th Street
Edmonton, Alberta, Canada T5J 1J7

Milton Goldberg, Buffalo Director
New York State Mediation Board
State Office Building
65 Court Street
Buffalo, New York 14202

Mayor Jim Rupp
707 E. Wood Street
Decatur, Illinois 62523

Mayor Paul Soglin
210 Monona Avenue
Madison, Wisconsin 53702

John Stewart
McKinsey & Co.
245 Park Avenue
New York, New York 10017

Commission and FMCS Staff (Washington and Chicago)

John Popular
Associate Director
Office of Technical Services
Federal Mediation and Conciliation Service
Washington, D.C. 20247

George H. Kuper, Acting Executive Director
Edgar Weinberg, Program Director
William Batt
Leon Skan (Chicago Representative)
National Center for Productivity and Quality of Working Life
2000 M Street, N.W.
Washington, D.C. 20036

APPENDIX C

SELECTED PUBLICATIONS

1. Available From The National Center for Productivity and Quality of Working Life, Washington, D.C. 20036.

   Employment Security and Plant Productivity Committee Ten Coordinating Steel Companies (A Presentation by I. W. Abel, President, United Steelworkers of America and Vice-Chairman of the National Commission on Productivity and Work Quality, December 12, 1974)

   Labor-Management Committees in the Public Sector - Experiences of Eight Committees, November, 1975.

   Labor-Management Productivity Committees in American Industry, May, 1975.

   The National Commission on Productivity and Work Quality, Fourth Annual Report, March, 1975.

   A National Policy for Productivity Improvement (A Statement by the National Commission on Productivity and Work Quality, October, 1975).

   A Plant-Wide Productivity Plan in Action: Three Years of Experience with the Scanlon Plan, May, 1975.

   Pointers for Labor-Management Committees (Discussion Paper) (September 1974)

   Improving Productivity: Labor and Management Approaches

2. Publications available from Other Sources

   Organizational Behavior: Research and Issues, Edited by George Strauss, et al. 1974, Industrial Relations Research Association, Madison, Wisconsin

   Improving Life in Organizations, A Series of Monographs sponsored by the U.S. Department of Labor, Edited by J. Richard Hackman and J. Lloyd Suttle. 1975, Yale University, New Haven, Connecticut.

   Work, Productivity and Job Satisfaction, A Report sponsored by the National Science Foundation. Raymond A. Katzell and

Daniel Yankelovich and others. 1975, New York University, New York, New York, 10003

The Worker and the Job, Coping with Change, Jerome M. Rosow, Editor, 1974, Prentice-Hall, Englewood Cliffs, New Jersey.

Three Productive Years, the Three Year Report of the Labor-Management Committee of the Jamestown Area, 1975. City Hall, Jamestown, New York, 14701.

GPO 905-224

NATIONAL COMMISSION ON PRODUCTIVITY AND WORK QUALITY*

Nelson A. Rockefeller, Chairman
Vice President of the United States

I.W. Abel, Vice Chairman
President
United Steelworkers of America

F. E. Barnett
Chairman
Union Pacific Railroad

Thomas Bradley
Mayor
Los Angeles, California

Berkeley G. Burrell
President
National Business League

Catherine B. Cleary
President
First Wisconsin Trust Company

C.L. Dennis
President
Brotherhood of Railway, Airline
and Steamship Clerks, Freight
Handlers, Express and
Station Employees

John T. Dunlop
Secretary of Labor

Daniel J. Evans
Governor
State of Washington

Frank E. Fitzsimmons
President
International Brotherhood
of Teamsters

Alan Greenspan
Chairman
Council of Economic Advisers

Wayne L. Horvitz
Chairman
Joint Labor-Management Committee
of the Retail Food Industry

Donald C. Burnham, Vice Chairman
Director-Officer
Westinghouse Electric Corporation

R. Heath Larry
Vice Chairman
United States Steel Corporation

James T. Lynn
Director
Office of Management and Budget

John H. Lyons
President
International Association of Bridge,
Structural and Ornamental Iron Workers

William H. McClennan
President
Public Employees Department, AFL-CIO

Rogers Morton
Secretary of Commerce

John F. O'Connell
Vice Chairman
The Bechtel Group

Jerome M. Rosow
Planning Manager, Public Affairs
Exxon Corporation

Charles L. Schultze
Senior Fellow
Brookings Institution

L. William Seidman
Assistant to the President
for Economic Affairs

William E. Simon
Secretary of the Treasury

Acting Executive Director
George H. Kuper

---

* The National Center for Productivity and Quality of Working Life established under Public Law 94-136 on November 28, 1975 supersedes the National Commission on Productivity and Work Quality. The Board of Directors of the new National Center had not been appointed, with the exception of the Chairman, Nelson A. Rockefeller, when this report went to press.